ORIGINAL TOPIC: FACTORS AFFECTING PROFITABILITY IN RESIDENTIAL REAL ESTATE IN MUMBAI

PRE-SYNOPSIS RECOMMENDATION: A STUDY OF FACTORS CONTRIBUTING TO GROWTH OF REAL ESTATE COMPANIES IN MUMBAI

SYNOPSIS STUDY BY

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DECLARATION

I declare that the synopsis entitled "Factors affecting profitability in residential real estate in Mumbai" submitted by me towards the partial fulfillment of the requirements for the degree of Doctor of Philosophy is the record of work carried out by me under the guidance of Prof. (Dr). Bala Krishnamoorthy, Associate Dean Accreditation & Professor, NMIMS - Narsee Monjee Institute of Management Studies, Mumbai.

I further declare that the material obtained from other sources has been duly acknowledged in the thesis.

Mr. Nayan Arvind Shah

Place: Mumbai (INDIA)

Date: 19 August 2019

Abstract:

The real estate and the housing sector is the second largest provider of employment in the country and contributes 7-8% to India's GDP. However, this sector has been hit by a series of rapid changes without allowing any time for the industry to settle to the change, resulting in a slowdown in the last two years, starting with Demonetization, then RERA followed by GST and now the ILFS lead NBFC liquidity crisis, which had a large impact on the sales and general well-being of the industry.

Demonetization affected immediate liquidity in the sector, making payment of even daily wages to labour difficult. Demonetization also lead to slower sales, and cash flow problems leading to further project delays.

RERA brought order but restricted liquidity. The implementation of RERA put back the project schedules by a minimum 6 months to ensure all the planning and administrative requirements called for by RERA are met by the developer.

Come GST, and all under-construction sales stopped overnight because of the sudden increase in the transaction cost. Sales have been steadily falling over the years. Unsold inventories have increased over the years. When GST as a financial reform was implemented, the real estate sector suffered the most owing to lack of planning in implementation. After the introduction of GST, many buyers prefer ready-to-move-in or Occupancy Certificates (OC) - ready projects because the Goods and Services Tax (GST), is only valid for under-construction projects and therefore, ready-to-move-in apartments are exempt from the GST. This move did not help the developers, who were used to the customers financing their working capital by making construction-linked payments. Therefore, the working capital requirement of the developers has increased dramatically after the introduction of GST because the customer advances as a source to fund and finish the projects completely dried up. This dynamic perpetuates the vicious cycle of the overall slowdown in the sector - buyers are reluctant to invest in under-construction homes, projects get stalled due to lack of funding, and slow or no construction progress further diminishes buyer sentiment.

While the developers were dealing with the current stress in the system, came the latest salvo - the NBFC CRISIS!

It's important to note that on account of the financial troubles of an infrastructure company, the entire real estate sector has been pushed into an economic and liquidity recession, which has resulted in a huge reduction in job creation as well as job loss in the construction industry. The industry today is operating at only 40% of its actual capacity.

Previously, the real estate industry had taken the regulations for granted. Before, there was hardly any regulation governing the real estate industry. However, in the last 5 years, the Government has introduced various reforms to solve the problems of the home buyers and to implement better legislation. Therefore, today, with RTI, consumer activism, RERA, the buyer has a number of options where he can go for redressal. Also, many developers are facing the wrath of Insolvency and Bankruptcy Code (IBC) ever since its implementation. In a big blow for property developers, the Supreme Court has upheld the ability of homebuyers to take property developers into insolvency proceedings.

A strong support is given by the government to regulate this industry and protect the consumer. Now the developer has been completely encircled. He has to be professional and deliver on his commitments.

Also, on 6th January 2012, new law mandated charging 60% premium on builders who wanted to build 35% extra space. Earlier, these extra spaces were liberally sanctioned by municipal commissioners free of cost. When the new law kicked in, developers whose projects were caught between the old rule and the new one lobbied hard with the government to exempt them.

The new law exempted builders who commenced construction prior to January 6, 2012. But the rule said when these builders apply for further permissions to complete the building, they would be charged the full premium for that portion of the construction. And all these charges were front-loaded. Due to this, the working capital requirement of the real estate developers went up dramatically.

Various developers have already been forced to reduce their workforce by 20%~30% and the number of projects being registered under RERA has reduced, a fact that can be corroborated by the MahaRERA website which shows a quarter-on-quarter reduction in new project registrations or in effect new project launches.

The various project delays had dented consumer sentiments to such an extent that there was demand only for completed projects. Despite all the project delays, the fundamental point to be appreciated here is that most of the projects was still viable. However, the Banks were not ready to finance/re-finance them. It was this servicing gap that paved the way for NBFC's entry into the Real Estate Financing market over the past 8 years.

Now, post the IL&FS crisis, suddenly even NBFCs have gone on the backfoot. Overnight the developers have been left high & dry for want of capital, thereby impacting on-going project completion and delays in delivering sold homes. This liquidity or non-funding delay is going to push projects off the curve by a good year in terms of finding the right funder to help support completion and bridging this gap.

In light of the liquidity crisis facing the NBFC's, capital availability to the sector has further decreased leading to a major crisis in the industry, especially since a lot of banks and NBFC's have even stopped disbursing home loans or even cancelled sanctions of customers as well.

Apart from this the cost of borrowing has gone up for everyone including home loans by over 2% from the NBFC's and in some cases even as high as 4%~6%. Such an overnight increase of more than 2% on loans has further made it unaffordable to both build and buy homes in the country.

This is creating a vicious cycle, where the developer is not in a position to get home loan disbursals or disbursals for supporting the construction and other activities of the projects currently underway, with the cost of borrowing having gone up more than 2%.

Based on the responses received to the questionnaire, it was revealed that only 50% of the developers have earned profits in the last 5 years. Therefore, survival and growth have been the biggest challenge for the real estate developers during the last 5 years.

This study examines the factors that affect the profitability of residential real estate in Mumbai. It also establishes the relative importance of the factors affecting profitability of Residential Real Estate Development. Finally, this study investigates the factors that contributes to the growth of real estate companies in Mumbai.

To conduct this study, semi-structured interviews (Qualitative Study) were carried out with the Founders and Promoters (Visionaries) of the 11 top real estate development companies in

Mumbai as well as questionnaires (Quantitative Study) were distributed over email to the Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners) of real estate companies in Mumbai.

Second round of interviews were conducted with some of the real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai.

The need for mixed-methodology was to check if qualitative and quantitative data confirm the same findings.

The results of this study throw light on our understanding of factors that affect the profitability of Residential Real Estate in Mumbai. Branding, Customer Satisfaction, Timely Execution of Projects, Creditworthiness, Regulatory Compliance Capability, Quality, Diversification, Cash Flow, Demand & Supply and Sustained Growth are the key factors that affects the profitability of Residential Real Estate in Mumbai. The study observed that all the above profitability factors are interconnected. The differences between the Mean Values among the various profitability factors are very small. Therefore, the profitability of a real estate organization is the outcome of all the factors combined together. The contribution of each of the factors to Profitability of Residential Real Estate was examined and the ranking of the factors in terms of their importance as perceived by the respondents was done by using Relative Importance. The following were the top 5 profitability factors - Brand, Customer Satisfaction, Timely Execution of Projects, and Creditworthiness & Regulatory Compliance Capability

Brand, Attracting and Retaining Talent, Focusing on Affordable Housing, Constant Innovation, Timely Completion of Projects, Focusing on Approvals and Permission & Diverse Product Mix are the key factors that contributed to the growth of real estate companies in Mumbai.

Key words: GST, RERA, Demonetisation, NBFC Crisis, Questionnaire, Semi-Structured Interview, Profitability, Branding, Customer Satisfaction, Timely Execution of Projects, Creditworthiness, Regulatory Compliance Capability, Quality, Diversification, Cash Flow, Demand & Supply and Sustained Growth, Growth

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Chapter 1. Introduction

1.1. Identification of Research Problem

Profitability is the main factor of any business. It reflects success and growth. In real estate, it strengthens business to face any future crisis in the industry and economy. Profitability is measured through various profitability ratios. This study seeks to establish factors influencing the profitability of residential real estate in Mumbai.

"Housing plays an extremely huge role in rejuvenating the development of the economy in any country, with housing provision being among key indicators of development" (Ireri, 2010). Understanding the profitability of residential real estate in India would be significant as it is one of the biggest contributors of Gross Domestic Product (GDP) in the country and perhaps the largest generator of economic activity.

Worldwide there have been numerous studies conducted on real estate industry to analyse its structure, development pattern or performance of companies such as Factors Affecting Residential Property Development Patterns (Smersh et al, 2003), Real Estate Development Industry Structure: Is it Competitive and Why? (Eddo Coiacetto, 2006), Issues in Real Estate and Urban Management – A Note by (Sebastian Morris, 2010), the relationship between Capital Structure and Financial Performance of China's Real Estate Listed Companies (Yazhu Feng*, Yanfei Guo, 2015), Performance of European Real Estate Companies (Klaus Hammes and Yinghong Chen, 2005), etc.

However, there are limited studies analysing the profitability of real estate companies globally. To name a few there are Factors Affecting the Profitability of Indonesia Real Estate Publically-listed Companies (Dr John Francis T. Diaz, Martha Christianie Tjokro Hindro, 2017), Factors Affecting the Profitability of Construction Companies in Hong Kong (Lee, Fook Pui Billy, 2009), Profitability and Capital Structure Of the Property and Construction Sectors in Malaysia (Wan Mansor Wan Mahmood and Rozimah Zakaria, 2014), Profitability of UK construction contractors (Akintoye et al., 1991), etc. The current research extends and adds to the extant literature by investigating the factors that affect the profitability of Real Estate firms in Mumbai.

The study was performed in two ways - Qualitative Research followed by Quantitative Data Analysis. Real estate companies which are engaged in the development of retail, commercial, and residential services in Mumbai are examined. The founders and promoters (Visionaries)

of 11 top real estate companies were interviewed to perform Qualitative Research Study using Grounded Theory followed by Quantitative Data Analysis of 35 responses from the Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners) of popular real estate brands in Mumbai. Second round of interviews were conducted with the real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai. All of the selected Indian real estate firms are well-known brands. The research study relies on primary data such as semi-structured interviews, questionnaires and secondary data based on firms' annual reports and financial statements.

1.2.Boost in the Indian Economy

Indian economy in the late 1980's and early 1990's witnessed one of its first bull market runs. Slowly and steadily the scenes changed and people began understanding the significance of saving money and investing. In the 1990s, the stock market accelerated rapidly and simultaneously grew the investor's confidence. The market which had not moved even a few percentage points in the past decade was now moving at a rate of over 10% per annum.

This rate of growth remained constant for almost a decade until early 2000 when India's economy once again charged up followed by the entry of globally recognised IT driven companies and Information Technology enabled services (ITeS). These technology giants recognised the Indian English speaking and technologically driven working population. So, they hired them and within no time the average unemployed Indian youth had a good job with a decent paying salary.

More and more of the newly wealthy Indians abandoned conservative values and borrowed to buy their homes. This led to a rapid growth in the real estate market. Mortgages, which were the exception at one time suddenly, became the norm.

1.3 Introduction to Indian Real Estate

India is the world's seventh biggest country by area and the second most crowded nation with more than 1.3 billion residents. Due to increased population, rapid urbanization and rising salary levels, the Indian real estate sector have pulled in huge investments in recent years. The sector which is one of the most unique and globally recognised sectors today has a value

of USD 120 billion and is expected to grow up to USD 640 Billion by 2040 which is close to 5 times in 20 years (Niti Aayog).

The Indian Real Estate Sector comprises of various segments:

The development of this sector is highly reliant on the development of a corporate environment and the demand for office space and residential spaces (IBEF, 2016). According to the JLL report, the real estate sector may contribute 13% to India's gross domestic product (GDP) by 2025 from the current 9%. Residential Real Estate Sector is projected to contribute around 11% to India's GDP by 2020. Apart from its GDP commitments, the development also holds significance as it is perhaps the biggest employers in the country employing more than 50 million individuals at present and the figure likely to climb to 66 million in coming years. [1]

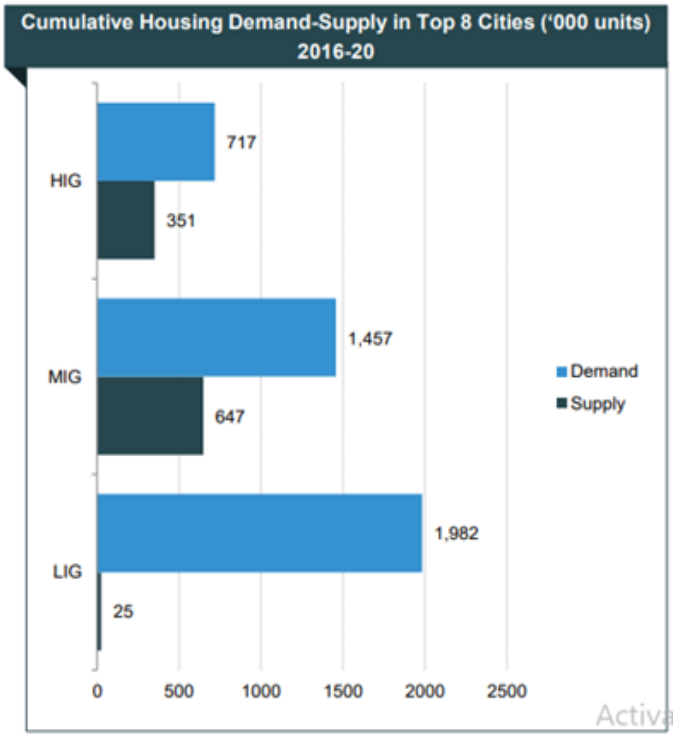
[1] The Economic Times https://economictimes.indiatimes.com/jobs/realty-construction-to-generate-15-million-jobs-by-2022-economic-survey/articleshow/62696169.cms?from=mdr

Niti Aayog's report on "Strategy for New India" states that boosting real estate will be a major advantage in the realization of New India Vision 2022 that will trigger economic growth and create millions of jobs for skilled as well as unskilled workers.[2]

Currently, NCR, Mumbai and MMR are the most severely affected regions for real estate in India. The remaining regions are relatively unaffected because the prices of the apartments in rest of the region are below Rs. 60 lakhs.

1.4 Demand for Residential Space expected to Grow Sharply

Demand for residential properties has soared because of population growth, increased urbanization, rise in migration level particularly from the rural areas to cities in search of work, livelihood and other amenities. Rising household income of the families and mismatch between the demand and supply of homes and other services at affordable prices have created a severe shortage in the supply of affordable homes in metro cities. India's top 8 cities National Capital Region (NCR), Mumbai MMR, Kolkata, Hyderabad, Pune, Bangalore, Chennai and Ahmedabad see a significant shortage in supply of homes since 2016.



Shortage of units as per Income Group			
Group Category	Demand	Supply	Shortage
LIG	1982000	25000	1957000
MIG	1457000	647000	810000
HIG	717000	351000	366000

Definition of Affordable Housing in India			
Income Categories	Income Levels	Size of Unit	Affordability
Economically Weaker Section (EWS)	<INR 150,000 per Annum	upto 300 Sq.ft	EMI to Monthly Income 30 - 40 %
Low Income Group (LIG)	INR 150,000 to 300,000 per Annum	300 - 600 sq.ft	EMI to Monthly Income 30 - 40 %
Middle Income Group (MIG)	INR 300,000 to 10,00,000 Per Annum	600 - 1200 sq.ft	House Price to Annual Income - less than 5.1x
High Income Group (HIG)	> INR 10,000,00 per Annum	> 1200 sq.ft	House Price to Annual Income - less than 10x
Source: KPMG and CREDAI			

[2] Niti Aayog "Strategy for New India" https://niti.gov.in/writereaddata/files/Strategy_for_New_India.pdf (Page 61)

With the cost of homes outpacing general inflation, premium homes in Tier 1 cities have turned out to be unaffordable to a great extent, increasing demand for affordable homes. As the figure justifies above, 80% of India's populace is recorded in Low-income Group and the Economically Weaker section where there is an enormous demand for housing. Heeding this, the Indian government has initiated a plan of providing each family a firm house with a water supply, toilet facilities and power supply.

Under the scheme "Housing for All by 2022", the government in coordination with real estate developers aims to build 2.95 crore housing units in rural areas and 1.2 crore housing units in urban areas.

By the end of 2024, The Government of Maharashtra anticipates to begin trial runs for 11 metro lines in the Mumbai Metropolitan Region (MMR) covering a total of 235 kilometres. This will significantly change the face of Mumbai's public transport by offering last-mile connectivity to the public. The metro will solve the infrastructure problems of the city, bring a transformative effect and shape development leading to surge in demand for residential real estate.

1.5 Current Challenges faced in Real Estate Sector

Apart from increasing need of housing, Indian real estate is also struggling with different issues like liquidity crisis as a result of IL&FS payment default, high cost of capital, lack of sales and pile of stalled projects. There are almost 50 approvals required to be taken before beginning a real estate project and further submitted to various Government offices or authorities. This is one of the real cause of delays and corruption in the real estate market. Customers are hesitant to buy apartments in under construction projects because of the fear of delays or non-delivery. Also, the difference in the prices between ready to move and under-construction apartments has reduced substantially because of the supply overhang. Moreover, the National Housing Bank (NHB) has prohibited housing loan products involving servicing of the loan dues by builders/ developers on behalf of borrowers (subvention). A significant percentage of under construction residential apartments were getting sold under subvention scheme. This is going to significantly affect the real estate industry. The costs of land and approvals in India have expanded exponentially in the past decade and caused overpricing of commercial and residential property.

Moreover, finance is the key to the development of any industry. Post the freeze from the banking sector due to increasing Non-performing Assets (NPA) in real estate, NBFCs were a major source of funding for the cash-strapped developers. There were also a few solvent developers who were offering their land as security. The NBFC's were financing these developers because the land was considered as an asset. However, the NBFC crisis, which surfaced in late 2018, worsened the scenario for the developers as well as the entire real estate sector. No takeover was being allowed. Liquidity crisis and curtailing of financial services from banks have left the developers in lurch.

Employment is another big challenge faced by this industry as the current slowdown in real estate market has forced developers to reduce their workforce by 20-30 % (CREDAI MCHI). The industry today is operating at only 40% of its actual capacity. Real estate is mainly a labour-intensive industry however, the rise in the cost of labour and construction material due to inflation poses many problems to this industry.

All the above issues can be verified by the fact that more than 30% of houses and commercial spaces are lying vacant in major cities like Mumbai or Delhi. Major cities in India like Delhi NCR, Mumbai, Pune, Bengaluru, Kolkata, Chennai, Hyderabad and Ahmedabad noted only 4% new home purchases in 2015 and developers are piled with nearly 7 lakh unsold inventory across the country. The biggest challenge today is the survival of real estate sector especially in the financial capital of India - Mumbai.

The sector was demanding an indispensable provision to facilitate a resurgence and Government of India without delaying more time introduced RERA (Regulation and Development Act) as a better solution for the present condition of real estate. However, RERA brought order but restricted liquidity.

1.6 Overview of Mumbai

Mumbai once Bombay is the financial capital of India. It is considered as a top centre of commerce and trade. The city is an abode for many established conglomerates of India like Tatas, Ambanis, Mittals, and Godrej etc. As of 2016, the GDP of Mumbai Metropolitan

Region have ranged from $151 to $368 billion making it the most productive metro area of India.[3]

As the conditions are very much favourable for livelihood, people from all over the country have made Mumbai their home. Currently, it is the fourth most crowded city in the world[4].

Mumbai has a vibrant history which goes back to the development of the seven islands, namely, Colaba, Mahim, Parel, Mazagaon, Bombay Island, Worli and Old Woman's Island. These islands were ruled by the kingdom of Ashoka, the popular Buddhist emperor of India. Following the demise of the king, the responsibility for islands was passed on and they were later colonized by various rulers. From the early nineteenth century, the city went under massive reconstruction and furthermore encountered a lift in the economy during the British Empire.

After Independence, the city extended significantly and various suburban towns were included within the city. In 1960, Bombay was made a new capital of Maharashtra. The Bombay Stock Exchange, tall high-rises, magnificent architecture and iconic textile mills changed the face of Mumbai and made it one of the top four cities in the country.

In terms of Population, it is one of the most populated urban regions on earth and the second most crowded metropolitan zone in India, with a populace of 20.7 million as of 2011.

Around 16 languages are spoken in Mumbai and the main languages are Marathi, Hindi, English, and Gujarati. Religion wise the city comprises of Hindus (66%), Muslims (22%), Jains (4%), Buddhists (5%), Christians (2.3%), Sikhs (1 %) and Parsis.

The population density of Mumbai is 20,482 people for each square kilometer. Mumbai has witnessed speedy growth all through the recent years, which has encouraged a huge number of individuals to live in the slums. Therefore, affordable housing for nearly 65 lakh people who stay in Mumbai's slum is the need of the hour.

It is seen that quality of life and support infrastructure vary in proportion with the population density. With Mumbai getting overcrowded due to growing population, the Government of Maharashtra plans to create commercial avenues in the outer regions to absorb the growing

[3] Economy of Mumbai Wikipedia https://en.wikipedia.org/wiki/Economy_of_Mumbai
[4] Data reviewed as per http://worldpopulationreview.com/world-cities/mumbai-population/

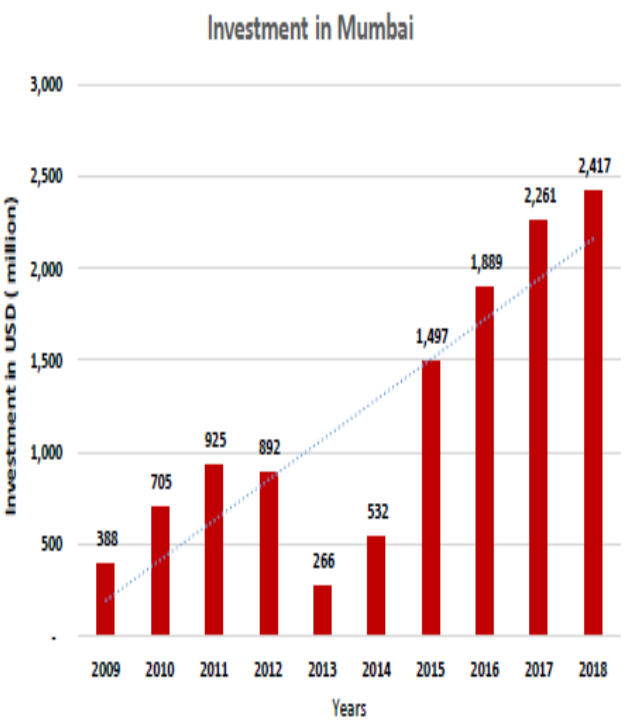
population inflow. The development concept is to not only lessen the pressure on the financial capital of India but also to offer more employment opportunities and encourage a walk-to-work culture.

1.7 Real Estate in Mumbai: What do we know?

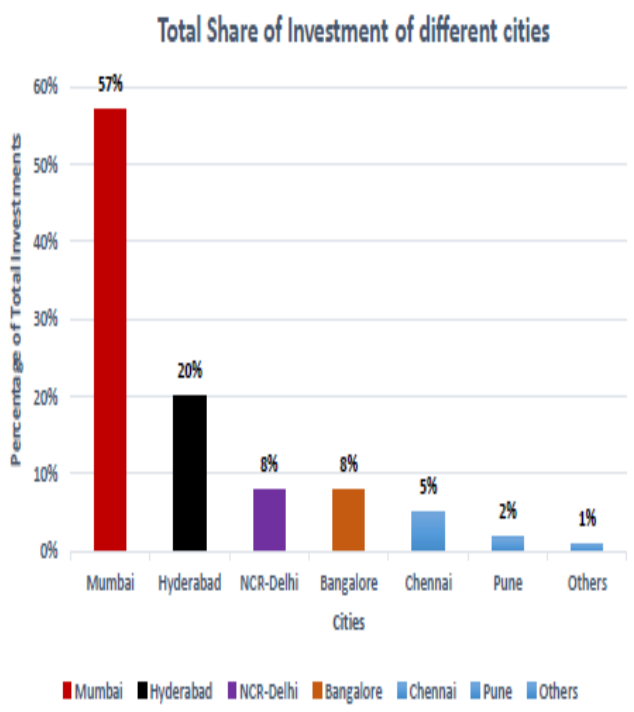
Mumbai's real estate development has experienced different stages. The Maharashtra Regional and Town Planning Act, 1966, first incorporated the practice of development plans

REAL ESTATE INVESTMENT GROWTH IN MUMBAI

JLL



Source: JLL REIS



Source: JLL REIS

and town planning. The Planning Commission also issued its first guidelines for district planning in 1969, which drove numerous states to compose district plans. However, with the exception of few examples, these activities didn't yield positive outcomes.

The Urban Land (Ceiling and Regulation) Act was established in 1976, to check hikes in land prices in urban regions and to provide low-income housing. With the implementation of this Act, the real estate industry in Mumbai started taking a visible shape in the 1980s.

Since then, the Indian real estate market has gone through a major transformation. From an unorganized industry to an organized industry, from an unregulated industry to a regulated industry, from a supply deficient industry to an oversupply industry, from a limited choice industry to a multiple-choice industry, from 100% own financing for purchasing home to 99% financing from home loans. A significant portion of the populace in Mumbai is salaried and for most of them owning a house is no more a distant dream. Boosting further, the Government of India has launched "Housing for All by 2022" scheme for the projects with smaller sizes, and consumers in Mumbai can now avail the various incentives offered under this scheme. As a result, Mumbai real estate has now become a buyer's market.

India became the world's fastest-growing major economy in 2018 and Mumbai has been playing a major role in it since 2009. A consistently growing, dynamic and dependable economy, arguably, makes Mumbai country's favourite investment destinations. As of 2018, Mumbai saw a total investment of 2,417 million US Dollars from all over the world. Economically, the city accounts for 6% of India's economy, 30% of income tax collections, 40% of foreign trade, and contributes INR 65,000 crore in corporate taxes.

The JLL survey on Real estate market size in MMR and Mumbai for the last four years states that Mumbai has been continuously enriching MMR since 2015 and averagely for the last 4 years, the share of Mumbai in the market size of entire MMR has been 82%. The figures also suggest that there has been a constant growth in the real estate market size of MMR and Mumbai since 2015 defining it as a dynamic and complex industry. Real Estate Companies operating in Mumbai have a potential of progressing to the level of "Super Developer" like China's "Vanke. The Central Business Districts (CBD) in Mumbai are witnessing tremendous growth. Different localized Central Business Districts (CBD) are coming up in every part of the city. The CBD's are now no longer restricted to Nariman Point, Bandra-Kurla Complex (BKC), Lower Parel, etc. In the last few years, there has been an expansion of the CBD's to other parts of the MMR like Vikhroli, Andheri-Kurla, Kanjurmarg, Powai, Santacruz Electronics Export Processing Zone (SEEPZ), Thane, Vashi, Ghansoli, Airoli, etc.

REAL ESTATE MARKET SIZE IN MMR & MUMBAI

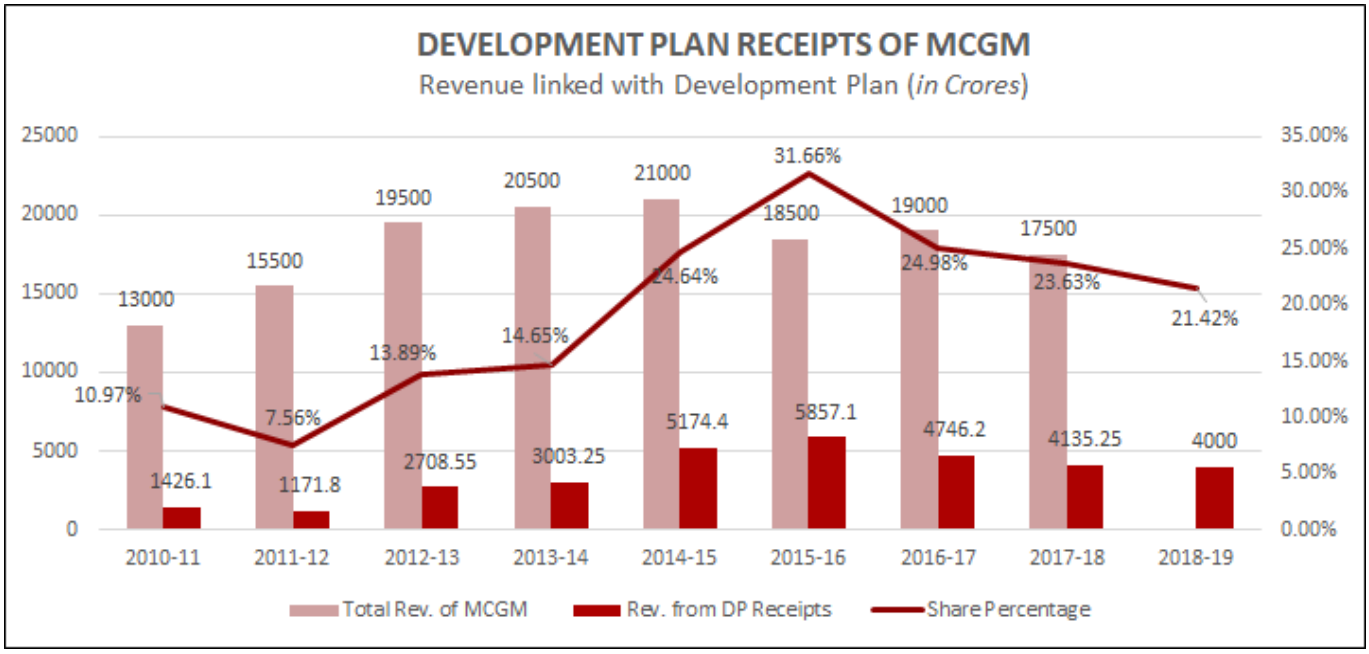
Year	MMR (INR Bn)	Mumbai (INR Bn)	MMR (US$ Bn)	Mumbai (US$ Bn)	Growth (MMR)*	Growth (Mumbai)*
2015	2,318	1,964.83	33.12	28.07		
2016	2,445	2,047.46	34.93	29.25	5.47%	4.21%
2017	2,667	2,218.88	38.10	31.70	9.10%	8.37%
2018	2,860	2,327.42	40.86	33.25	7.23%	4.89%

Please Note:

- *Y-o-Y growth in the market size has been computed in the above table.
- Total Real Estate value in Mumbai and MMR is calculated by multiplying the current stock in Residential, Retail and Commercial sectors with the current Market price.
- Average Unit Size is assumed to be 800 sq.ft for calculating Residential Stock

Most of the real estate development in Mumbai were carried out between the years 1900 to 1995 and thereafter, enormous population growth and rapid urbanization have resulted in huge space crunch in the city. What's been done today is the redevelopment of Slums, Dilapidated buildings and homes, etc. which is known as Brown Field Development.

Total Revenue of MCGM and share of Development Plan Receipts in Mumbai.



•Above figure shows the total revenue of MCGM in crores linked with the revenue generated by Development Plan Receipts for that particular year.

•The revenue from development plan showed an increasing trend from the year 2010 to 2015, showing the highest peak in the year 2015.

•There is a sudden increase observed from the year 2012 to 2013 because of the fungible FSI component which was introduced in the city in the year 2012.

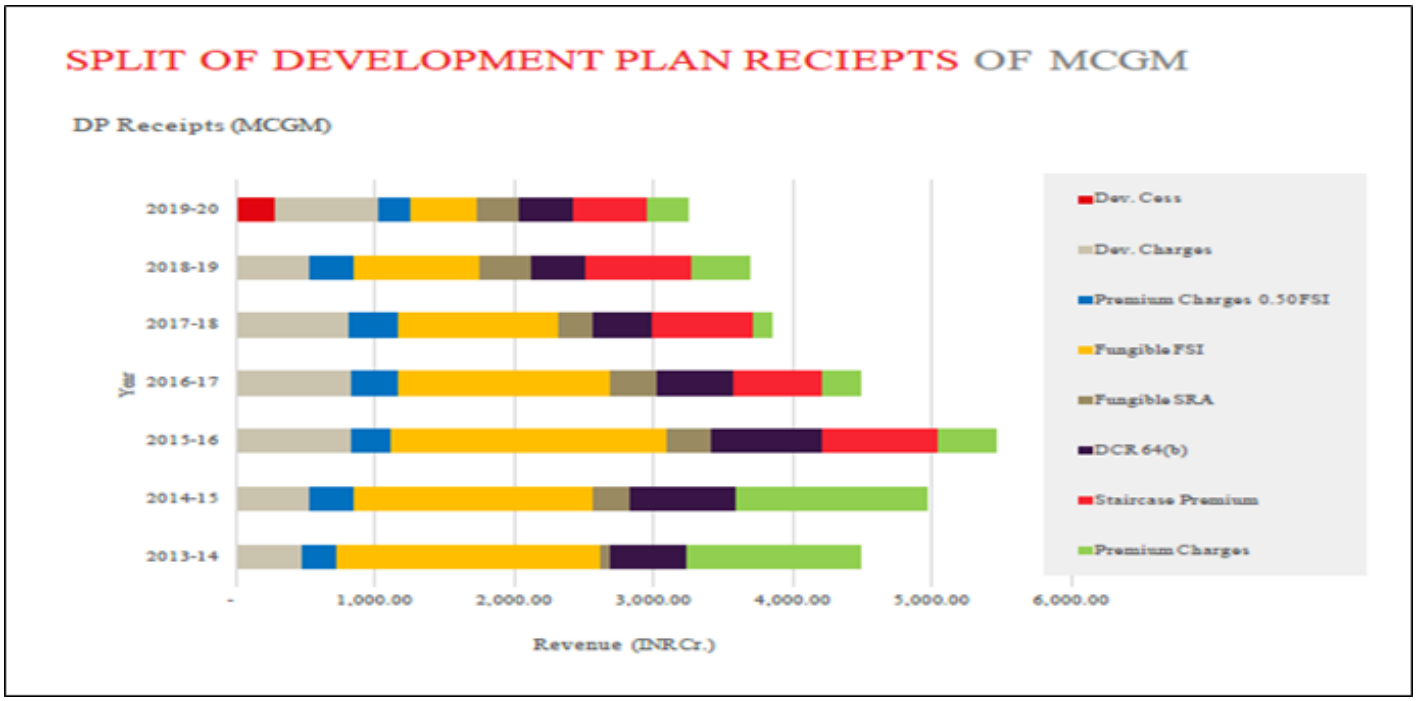
•It is observed that although the Ready Reckoner rates have been increasing every year (last year i.e. 2018-19 being an exception), but against that the revenue shows a reducing trend post year 2015.

Year	Total Revenue of MCGM	Revenue from Development Plan Receipts	Share Percentage
2010-11	13000	1426	10.97%
2011-12	15500	1172	7.56%
2012-13	19500	2708	13.89%
2013-14	20500	3003	14.65%
2014-15	21000	5174	24.64%
2015-16	18500	5857	31.66%
2016-17	19000	4746	24.98%
2017-18	17500	4135	23.63%
2018-19		4000	21.42%

•Figure shows that there is a significant amount of contributions made by Development Plan receipts in the total revenue collection by MCGM.

•However, in 2015, there was the highest share of the contribution made by Development Sector amounting Rs. 5857 crores among a total of Rs. 18,500 crores.

•Since then the share percentage seems to be decreasing year after year while 2020 is expected to generate revenue below Rs. 4000 crores.



Year	Dev. Cess	Dev. Charges	remium Charges 0.50 F	Fungible FSI	Fungible SRA	DCR 64 (b)	Staircase Premium	Premium Charges	Total
2013-14	180	1000	120	500	140	400	850	150	3340
2014-15	0	750	150	1100	300	300	1000	250	3850
2015-16	25	1000	150	1400	100	200	900	50	3825
2016-17	0	1100	130	1800	150	300	900	100	4480
2017-18	0	1100	100	2300	150	500	1000	120	5270
2018-19	0	770	150	1800	130	400	25	1500	4775
2019-20	0	500	100	2200	80	300	0	1200	4380
Total ->	205	6220	900	11100	1050	2400	4675	3370	29920

•The Major revenue sources are Development Charges, Staircase Premium and Fungible FSI.

•The Fungible FSI is one of the major sources of income from DP for the Municipal Corporation

•The MCGM anticipates, additional revenue from Development Cess in the coming financial year, which is charged equivalent to development charges as per the new DCPR 2034.

Source: www.mcgm.gov.in, Budget Book, Based on Fud Centre.

1.8 Challenges in Mumbai Real Estate

Mumbai is the most extravagant city in India. A city simultaneously experiencing a boom and a civic emergency. Redevelopment of slums and dilapidated buildings is a major task to accomplish but the developers in Mumbai have been facing a big challenge in redevelopment projects.

In the mid-30s, the development in Mumbai was mainly of BDD Chawls or Small Sized Houses developed by government or Municipal Corporation. Bombay Development Department (BDD) was set up in 1920 and was in charge of giving more land to Housing and development of 50,000 apartments essentially for Textile Mill Workers and Labors. During 1947, there was mass entry of public from different places of the country. This was a threat to the administration of the city. So BDD created "The Master Plan for Bombay". The arrangement was expected to ease sanitation issues, promote the development of the industries and reduce traffic issues. The BDD began huge housing plans in the city what is presently known as BDD chawls.

Today the main challenge for the government is to provide decent homes to these people and other thousands of people who are affected by the development of a road, development of metro lines, development of watercourse, etc. A huge demand of rehabilitation of these people has come up from the world banks and the government policy has been to provide homes to the beneficiaries free of cost.

The biggest challenge the developers are facing today is to find projects that are viable. A viable project should have the following qualities – The project should start on time, the project should complete on time and the developers should be able to sell the inventory on time and unlock the profits and exit on time.

Criteria says that developer should be able to recover the cost of development of free housing from the free sale portion but due to increase in cost of approvals, charges, premium FSI, the redevelopment of these projects have become unviable for a developer and with the addition of lack of capital, it has become unviable to undertake redevelopment.

Moreover, out of many problems in the redevelopment of slums, one major deficiency is gaining access to each and every stakeholder. Right from reaching every single stakeholder up to getting all the appropriate approvals, every aspect of the redevelopment project is

challenging. It's hard to materialise everything due to the multiplicity of stakeholders occupying that slum. Yet the NOC from all the stakeholders is required by the authorities for permitting the redevelopment. As a result, no developer is interested in taking up that challenge.

In the case of dilapidated buildings situated in south Bombay and also in other parts of Mumbai, Maharashtra Housing and Area Development Authority (MHADA) has made a list of approximately 650 buildings in South Bombay in dilapidated conditions and has instructed the developers to redevelop them as soon as possible but lakhs of families residing in those buildings are not willing to move out as they are not sure when they would be able to return to their houses. Builders are also unwilling to take up redevelopment projects as they are not feasible anymore due to heavy project costs and increased cost of approvals by the government.

In terms of laws, Mumbai real estate consists of various laws including Labour Laws, Safety Laws, ISI standards and most recently introduced RERA and GST. These laws are made for the standardization of the industry and make it run in a very transparent manner but law breaching has become a norm. Also, in Mumbai, there's a Development Control and Promotion Regulation Plan (DCPR 2034) earlier known as (DCR 33) which apply as a regulatory compulsion to the developers on building activities and development work under the jurisdiction of Municipal Corporation of Greater Bombay (MCGM). It's essentially a document prepared after receiving public opinion and differences regarding the provisions of the development plan. DCPR 2034 is a mixed bag for stakeholders, as there are some positive provisions, as well as some other areas of challenge which still require modification.

There are different sources of finances in real estate like finances from a private lender, investor, official Hundi, Mezzanine Debt, Loan against the land, other bank loans, etc. The developers also use their own equity and equity coming from different people and sources. Overall there are finances available from known as well as unknown sources but they are set into motion to the banking channels by different steps where the final person receiving funds claims no knowledge of the origin of the money. Thus the finances may have come from various ways but the developer is unaware of sources of the fund and its origin.

Finances that are used for the accumulation of land and land development gather huge burden of interest on the developers which later rises more when development and marketing of

residential and commercial properties come in. Altogether it becomes a pile of heavy debts on the developers leading them to become part of NPA problem. The fallout of NPA problem has led banks to stop lending money to the developers and also cancel some of the pre-approved loans. According to Amit Goenka, managing director of Nisus Finance Services Co, which lends to developers, "With the worsening shadow-banking crisis, borrowing rates for most developers have surged to the highest in more than a decade, in some cases about 20%". Even at that cost, capital availability is limited.

Generally most traditional industries and markets tend to have numerous restrictions when it comes to letting new participants in but in real estate, apart from capital investment capability and basic knowledge there is no particular barrier to enter in real estate. There are no minimum requirements, degree or qualification needed to become a developer. Easy availability of credit while the market was flourishing filled the real estate industry with unregulated and inexperienced players. The quarterly results of DHFL ended March 19 (Q4) reported a loss of Rs. 2,223 Crores. The company admitted to irregularities in recognising the fair value of loans worth nearly Rs. 35000 crore which is nearly a third of its total financial assets of Rs 1.04 lakh crore.

Over a decade, some developers have been charged with criminal offenses like violation of laws, corruption, forgery in purchase of land or assets, non-delivery of Units, etc. while there have also been number of suicides by the developers in Mumbai due to depression caused by the unavailability of projects, the slowdown of business, heavy debts, continuously rising interest rates and cost of approvals rising day by day.

Over a period of time, there is a hope that with RTI being introduced and all the approvals shifted online and released on a public domain, these issues are less likely to happen.

1.9 Conclusion

I have been involved in the real estate business since 1978 when I was a college student. I joined the real estate business formally in 1982. I have been a keen observer of the real estate industry for the past 4 decades.

Today, every 5 years several developers are fading away and new ones are taking their place. The developers who were the best have withered away and in the last 10 years many developers have shut shops because of financial difficulties, liquidity crisis, over trading,

rising interest rates, lack of executing capability, oversupply in the mid and premium segments, non-compliance with rules and regulation, etc.

Past years have been extremely challenging for this sector and such state of affairs was not seen in last three-four decades. Therefore, I felt that it is extremely important to study the factors that affect profitability and growth of real estate companies in Mumbai. It would not be an overstatement to say that the market is in survival of the fittest mode and changes are happening from all directions, be it the market conditions, demand dynamics or buyer choices. However, at the same time, I would like to say that said Mumbai real estate sector is resilient and will overcome this challenge. I wanted to contribute to this doctoral study because I have been associated with the real estate industry for a long time and also, the survival of the real estate industry is very important since after agriculture, real estate is the second major employment generation industry in India and plays an important role in contributing to the economy of the nation.

1.10 Summary of chapters

Chapter 1: Introduction - This chapter begins with a problem statement followed by a brief overview of Indian real estate industry and the challenges faced by the sector at present. Most of the introduction part focuses on real estate in Mumbai unveiling some facts as to why it is considered as the most hottest and expensive market in India. It also puts some light on realty of Mumbai's construction industry and what are the problems faced in.0 the development of real estate in Mumbai.

Chapter 2: Literature Review - The chapter presents a purposefully broad literature review that was conducted prior to the research process in order to set the scene for the coming investigation. A focused literature review is presented that focuses on the areas brought to attention in the analysis as needing illumination.

Chapter 3: Research Methodology - This chapter consist of three main sub-chapters Research Objective, Research Gaps, Conceptual Model; and overview of study performed. Research Objective discusses the aim of finding profitability and growth factors in residential real estate in Mumbai with a specific objective of identifying relative importance between the factors. Research Gaps looks at the study performed on the relevant topic, recognising the area that has not yet been investigated or is under-explored further justifying the requirement

of this study. Conceptual Model is a representation of a system and the researcher's understanding of how the specific factors and sub-factors in his research or study are linked with one another. Later part discusses about the logic of mix-method i.e. Qualitative and Quantitative analysis and the triangulation between the results. It also states how the data was collected and the sources used.

Chapter 4: Data Analysis - Data analysis chapter discusses about the grounded theory methodology employed for Qualitative research analysis (Semi Structured Interviews) and Questionnaires for Statistical and Quantitative research analysis.

Chapter 5: Findings - The findings chapter presents the outcomes of my analysis and the triangulation of Qualitative and Quantitative results. It also identifies key growth factors from the qualitative research study.

Chapter 6: Conclusion - This chapter defines what the study has contributed to the body of Real Estate Practice and Knowledge. Lastly, this chapter presents the limitation of the study and provides a final synopsis of the study's findings and implications.

Chapter 2. Literature Review

Even though there has been a fair amount of research on the factors that affect the profitability of real estate companies in other countries, the dearth of empirical literature in examining the profitability factors of residential real estate especially in Mumbai is one of the primary reasons for this study, therefore, this paper contributes to the literature by identifying the factors that affect the profitability in residential real estate in Mumbai. The findings of the study will help the managers of real estate companies to survive and sustain in a competitive environment. It will also assist the managers to efficiently plan their business by concentrating their energies on the key profitability factors.

Profitability is the ability of an organization to utilize its resources to produce revenues over and above its expenses. Put differently, this is an organization's capability of producing profits from its operations.

The two essential attributes of profitability are revenues and expenses. Revenue is the total amount of income generated from normal business operations. This is the total money earned when selling goods or providing services to customers. However, borrowing money to buy assets or operate the business is not revenue.

An expense is the money spent or the cost incurred by a business to generate revenue.

Profit Vs Profitability

Profit & Profitability are not identical. Even though the two terms are used mutually, there are clear differences between the two.

Profit is an absolute number. After you subtract total expenses from your total revenue, whatever's remaining is your profit. You can identify profit by studying your business's income statement.

Profit = Total Revenue - Total Expenses

There is one main difference between Profit & Profitability. Profit is an absolute amount whereas profitability is a relative one. Profitability will inform you if or not your business generates sufficient profit to both sustain and grow your organization.

Lansley (1975a, 1975b) has described that "Profitability is the average return on turnover" whereas **Fellows and Langford (1980)** have defined "Profitability as the excess income over expenditure."

Charles F Knight (1992) has stated that "Profitability is a state of mind". **Lenard and Heathcote (1990)** on the other hand have also mentioned that "Profitability is the average return on turnover."

Asenso and Fellows (1987) have defined that "Profitability is the (1) the pre-tax return on net assets employed, and (2) the return on (equity) shareholders' investment."

According to **Majumdar and Chibber (1999)**, "Return on net worth is the appropriate measure of profitability"

I have adopted **Klaus Hammes and Yinghong Chen's (2005)** definition of profitability for my study which is defined as "Profitability as profit before taxation and profit after taxation divided by total assets."

Lee and Fook Pui Bully (2009) have stated that "Profitability refers to income less expenses before taxes, or net operating income, as a percentage construction business turnover (value of construction work done)."

Dr. John Francis T. Diaz, Martha Christianie Tjokro Hindro (2017) explains about the financial factors that affect the profitability of real estate companies. Here only the financial factors have been considered however real estate is a very emotional business because it deals with customers who are looking to spend a large part of their life in the home or office they are buying. Hence, it is important to look into the qualitative factor. So, it is important to study the qualitative issues as well as they are related to the profitability of a real estate developer. There were certain factors that favoured a small sized company. For example: Few factors that led to a positive profitability for a small-scale developer was not a positive factor for a large sized developer. And the author himself agrees that qualitative type of research can also be considered for future studies to have a better understanding of how the managers observe and control particular variables in increasing the profits and adding value to the firm. Another limitation of the study is that it did not consider external or macro-economic factors like economic status, interest rates, government regulations that are important in determining the profitability of an organization. This study was used for identifying the profitability

factors. So future studies can further look in to the qualitative factors and can also extend the data and actually talk to the leaders, the promoters, the developers and understand as to what are the factors that affect profitability for real estate developers. Also, we need to study if these factors are relevant in Mumbai. Another limitation is that it is based on the secondary data collected from the stock exchange. The profitability factors identified in this article are Capital Structure, Size, Age, Tangibility, Debt Ratio, Return on Assets, Cash Conversion Cycle, Current Ratio, Sales Growth, Number of days inventory, Number of days account payable, Number of days account receivable.

Dr Anupam Mehta (2014) has stated that the working capital management consists of basically the cash conversion cycle and it consists of the days payable outstanding, the days sales outstanding, the days inventory outstanding, the cash conversion efficiency, the log on the fixed assets, the log on sales. Essentially, it is about the inventory period, the account receivable period minus the accounts payable period and that determines the cash conversion cycle i.e. the cash that is received. However, how does one actually reduce the cash conversion cycle? What are the factors that affect the cash conversion cycle? How does one improve upon its day's payable outstanding? What strategy should a real estate company use? What are the other emotional issues? Which are the other qualitative issues that affect the profitability of a real estate company or enhance its profitability like organizational performance, brand, compliance ability etc.? All these factors are not covered in this article. The real estate market in Abu Dhabi is based on the Middle East economy which is a different market as compared to Mumbai. While the result of the Working Capital Management will definitely impact the profitability for all the real estate companies, however the other issues also need to be studied. Hence, there is a research gap in this article because it has not identified how parameters such as the strategy, the organization performance, brand, product mix, compliance ability, etc. affects the profitability of an organization. The scope of the study is limited only to construction and real estate companies based in UAE. Hence the results of the study may not be applicable to other sectors and countries. For the purpose of future research, the scope of the study can be extended by including all sectors. I used this article for identifying the profitability factors and Capital Management. The profitability factors identified in this article are Cash Conversion Cycle, Account Payable, Account Receivable, Return on Assets, Net Trade Cycle, Debt Ratio, Liquidity, and Size.

In this paper, **Klaus Hammes, Yighong Chen (2005)** describes the performance of private property companies in thirteen European Countries. This article just gives the statistics of what the authors have observed from their analysis of private property companies. One of the findings of this study states that there has been an important relationship between the profitability and the business cycle and that business cycle is one vital attribute in the study of performance of the real estate sector. There could be potential gains if an investor were to spread his investments in different countries. The limitation of this whole study has been that it is mainly from the secondary data. Real estate development is essentially very localized and by comparing the performance of property companies in different countries, it does not help the industry much because each of the companies have their own unique ways of working, the local business environment, etc. The author has stated that more research into the micro conditions of the market is necessary. This article could be good from an investors and lenders point of view but from the promoters and developers point of view, this article hardly throws any light. I used this study for identifying the profitability factors and analysing the financial performance of the firms. The profitability factors identified in this article are Debt Ratio, Tangibility, Size, Age, Return on Assets, Return on Capital.

Lee, Fook Pui Billy's (2009) thesis is about the profitability of construction companies in Hong Kong. The authors have identified the following factors that affect the profitability of construction companies in Hong Kong namely 1) Size of the Construction Company, 2) Degree of Subcontracting, 3) Degree of Mechanization, 4) Degree of Labor-Only Subcontracting, 5) Effect on the Volume of Sales and Profit Margins, 6) The Gearing Factor and the Turnover of Capital Employed, 7) Interest Rate Movements, 8) Unemployment Levels, 9) Construction Demand and 10) The Property and Construction Cycles. It is of no doubt that in the larger scenario, there is bound to be a correlation between the profit of a contractor and that of a real estate developer but it is not necessary that what determines the profitability of a construction company also determines the profitability of a real estate company because for a real estate company, contracting is just around 20 - 40% of the total real estate turnover. This paper is used for identifying the profitability factors. There is no doubt that this is a good study for construction companies but as far as the real estate companies are concerned, these findings are very limited and also the study is a very quantitative one whereas real estate business is highly qualitative. Several other profitability factors that need to studied for the real estate business.

Akintoye, Akintola S. and Skitmore, Martin R's. (1991) study deals with only the profitability of construction contractors. It does not deal with profitability of real estate developers. In this study, the author has stated that there is a positive correlation between the size and POT profitability of the construction companies. Generally, the cost of the construction of the project is anywhere between 20-60% of the total cost of the real estate development. It is important to look into other factors that affect profitability. This is another limitation of the study.

Arvind Bhambri, David Dale-Johnson, Peter Kreiner, Richard B. Peiser's (1991) book was an outcome of an on-going research effort on development management issues that Urban Land Institute has been undertaking since 1984. In 1986, ULI conducted a series of interviews with successful development firms to learn - How they were structured? How did they operate? What they had in common and how they define and how they differ? Summaries of the interviews were included in ULI book - Managing A Development Company published in 1987. There was a strong interest within ULI in development management issues and dearth of relevant literature suggested that the ULI Research Clearing Committee investigate what the general management literature and current research had to offer to those concerned about managing real estate development companies. So the project was made to write a book on the strategies and structure of real estate development firms. In the end, they had suggested a research agenda and the research agenda was divided into four parts: Organizational Structure, Entrepreneurship, Human Resources Management, and Strategic Management. So these four were identified as the most relevant issues relating to real estate development. My focus has been to work on a very relevant part i.e. the factors that affect the profitability of real estate development and I thought that while identifying the factors, we also identify what the developers feel on all the four subjects - Organizational Structure, Entrepreneurship, Human Resources Management, and Strategic Management.

Charles F. Knight (1992) in this article states that in the last 3 and half decades, Emerson Electric has made consistent profits. The following three parameters are vital for consistent profits at Emerson Electric. First is an Effective Management Process: An Effective Management Process means deliberate planning, strong follow up and execution to get improved results. The second point that Charles F Knight states is "Profitability is a state of mind". Finding new methods to add value for customers is the key to success. The third belief is that short term goals are necessary for long term success. Poor performance in the short

term makes it harder to accomplish strong performance in the long run. The learning from this article is that in the entire organization there has to be a complete and clear communication about the clear-cut goals of the organization. In this article, there is a distinct guideline on measuring the performance of the manager. However, only company specific learning is described in this article. The principles adopted to make consistent profit - How can they be implemented in the real estate organization? And using them how can we identify the factors affecting profitability for real estate development in Mumbai? This article is used for general reference and for identifying the factors that affect the profitability.

Michael Porter's (1989) study gives an outline of competitive strategy and real estate development and working guideline for the stakeholder in the real estate development industry and how does one be competitive & be a superior performance leading to increased profitability. The author raises two questions here which are described below: The first question has to do with - What's going on in the industry itself? The author states that the manager's job is not only to progress the position of the organization but also to improve the condition of the real estate industry. So, he correlates superior performance by making the industry better. The second question in strategy has to do with your own position within the business and the author observes that some businesses do a lot better than others year after year because they have found exactly the right position. The author observes that the real estate industry is going through a fundamental structural change and not a cyclical change. The real estate industry in Mumbai is also going through the same crisis. The following questions need to be answered - How to outperform your peers? How do we get that Sustainable Competitive Advantage? In the scope of business, the author mentions about good deals and executing the good deals. The author has identified the factors such as focus, choice, change, deals, etc. The author has mentioned about parameters like execution, higher market intelligence, superior economic intelligence. These are the important points that have been brought out by Michael Porter in this article and it is important to understand whether these factors apply to the real estate in industry in Mumbai.

Li, Heng and Li, Vera and Skitmore, Martin and Wong, Johnny Kwok Wai and Cheng, Eddie W. L's (2009) article identifies the factors that influence the competitiveness of the real estate market in China. The authors have identified - Finance Competency, Market Share, Management Competency, Social Responsibility, Organizing Competency,

Technological Capabilities and Regional Competitiveness. These are level one seven-dimension factors. At the middle level, are a group of competitive criteria, the level two and they come under market share and there are five criteria to it Localisation, Market Coverage, Land Acquisition Strategy and Implementation, Sales Strategy and Implementation, Consumer Satisfaction with the Property Sales. At level three are a set of competitive attributes under each competitive criteria. So, as an example under Land Acquisition Strategy and Implementation there are four attributes like Rate of Land Acquisition, Quantity of Land Bank, Quality of Land Bank, Land Acquisition/ Pricing Strategy. 'Finance Competency' and 'Regional Competitiveness' were found to be the most positive competitive factors.

This article also mentioned that 'Management Competency' and 'Market Share' were the second most significant competitive advantages of the company. This study also observed that the company had a poor score in a few competitive factors such as 'Organizing Competency', 'Technological Capabilities' and 'Social Responsibility'.

Taking cue from this article, the research gap is that how these competitive factors could be applicable to the real estate development industry in Mumbai. This article is used for identifying the Profitability, Competitive, Pricing and Strategy factors of a real estate organization.

The purpose of **Ed Nozeman's (2009)** paper is to show the results on growth strategies based on interviews with managing directors of 30 medium-sized real estate corporations in the Netherlands. Ed Nozeman states that the business strategies have been classified into Competition Strategies, Growth Strategies and Development Strategies**.** In this paper, the author states that you can differentiate your business from the competition if more stress is put on cost leadership, differentiation and focus (Competition Strategies). Growth Strategies look into the alternatives a business chooses when growth or continuity is their primary objective. There are four different types of Growth Strategies that are as follows: Market Penetration, Market Development, Product Development and Diversification. Finally, the Development Strategies deal with the way the business has applied that particular growth strategy. These are: Internal Development, Acquisition and Joint Development. This study only focuses on the Competition Strategies, Growth Strategies, and Development Strategies of real estate companies. It has not focused on the factors that affect the profitability of the real estate companies.

Yazhu Feng & Yanfei Guo (2005) suggests that the connection between capital structure and financial performance of real estate listed company is negative. This article sheds excellent light between the capital structure and financial performance of China's real estate listed companies. However, it is limited to the Chinese real estate market and deals with only the financial performance of China's real estate listed companies.

The author has admitted because of the strong macro-economic control of the market and single financing channel in China, there is a limitation. The same is not applicable to the market in Mumbai; which is completely democratic and the macroeconomic control being the same for everybody. I used this article for identifying the financial factors that affect the profitability of a real estate company. The profitability factors identified in this article are Debt to Asset Ratio, Current Ratio, Net Profit Growth Rate, Return on Assets, Return on Equity.

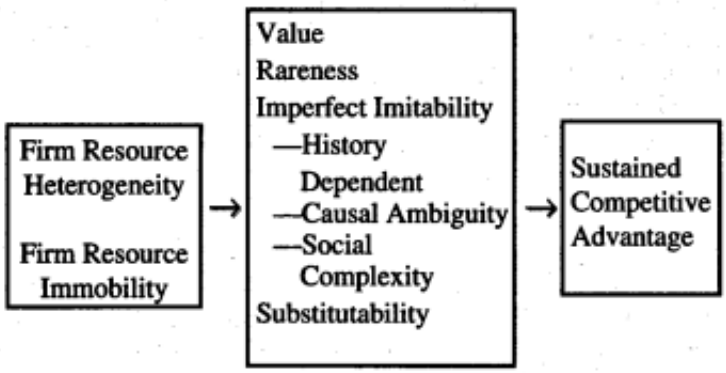
Wan Mansor Wan Mahmood & Rozimah Zakaria's (2007) article mentions that when there is high gearing, the firms have to service large amounts of debt which in turn reduces the profit margins and price earnings ratio regardless of sector size. This article only speaks about capital structure and profitability. However, this particular subject has been very well studied in the past by different authors. The capital structure is just one of the factors that affect the profitability. However, there are many other profitability factors that need to be studied. Further, this study was carried out by using the secondary data of property development firms and contractors in Malaysia. Even though this article is relevant to the property development firms and contractors, a further research and study needs to be conducted for the factors that affect profitability of real estate developers in Mumbai. I used this article for identifying the profitability factors. The profitability factors identified in this article are Debt/Equity, Net Profit Margin, Capital Gearing, Pretax Profit Margin, Price Earnings Ratio.

Fidelis Ifeanyi Emoh & Ikhuoshio Uzuanje's (2015) article asserts that more the cost of capital, the less is the profitability for real estate developers. If the cost of the capital that you borrow i.e. the debt is more than the return you are expecting, then the profitability reduces significantly.

There are multitude of factors that affect the profitability of real estate companies. However, in this article only the cost of capital is studied. Mumbai is a huge market. The contribution

of Mumbai to the Indian economy and real estate is quite significant because it is one of the top Metropolitan cities of the world and the financial capital of India. Therefore, other qualitative factors that affect the profitability of a real estate company in Mumbai also need to be studied. I used this article for identifying the financial factors that affect the profitability of a real estate company

Jay Barney's (1991) resource-based view (RBV) is a framework that puts emphasis on resources as key to higher firm performance and sustainable competitive advantage. If a resource demonstrates VRIO qualities, the resource empowers the firm to achieve and sustain competitive advantage.



Sebastian Morris's (2010) note has raised many policy issues connected to real estate and the urban sector. He states that there is a possibility of high growth in the real estate and the urban sector but due to the faulty government policies, poor planning, and archaic laws, the benefits are not reaching the poor people.

Linjie Chen (2010) states that to achieve sustained growth in a real estate company, "Growth Capacity" is the fundamental requisite. "Growth Capacity" is also the cornerstone of lasting competitive advantage. It plays a fundamental role in recognizing market opportunities, improve quality, against market risks, adapting to environmental change**.**

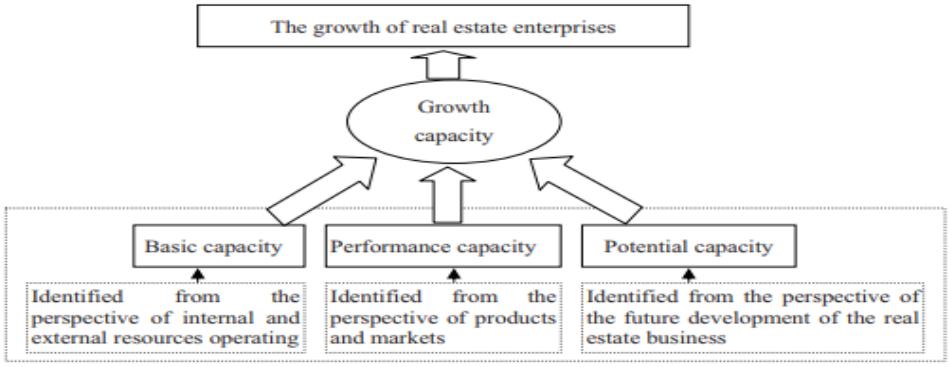

The growth of real estate enterprises
Growth capacity
Basic capacity
Performance capacity
Potential capacity
Identified from the perspective of internal and external resources operating
Identified from the perspective of products and markets
Identified from the perspective of the future development of the real estate business

Figure 1. The identification model of the growth capacity of the real estate business

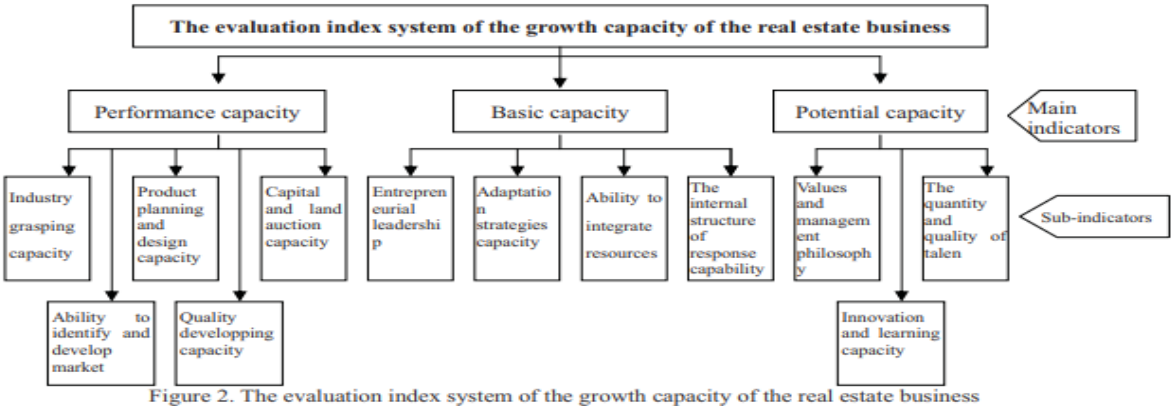

The evaluation index system of the growth capacity of the real estate business
Performance capacity
Basic capacity
Potential capacity
Main indicators
Industry grasping capacity
Product planning and design capacity
Capital and land auction capacity
Entrepreneurial leadership
Adaptation strategies capacity
Ability to integrate resources
The internal structure of response capability
Values and management philosophy
The quantity and quality of talen
Sub-indicators
Ability to identify and develop market
Quality developping capacity
Innovation and learning capacity

Figure 2. The evaluation index system of the growth capacity of the real estate business

Table 6: Performance rating against each competitive factor, criterion, and attribute

Factors (Level 1)		Criteria (Level 2)		Combined Score
Code	Name	Code	Name	
A	Management competency			**0.9541**
		A-1	Strategic Mgt	0.8842
		A-2	Time Mgt	1.0514
		A-3	Cost Mgt	1.1143
		A-4	Quality Mgt	0.9345
		A-5	Risk Mgt	0.7333
		A-6	Environmental Mgt	1.1071
		A-7	Safety Mgt	1.0242
		A-8	Contractual Mgt	1.0115
		A-9	Collaboration	0.8825
B	Organising Competency			**0.8003**
		B-1	Organisational development	0.7048
		B-2	Training	0.8000
		B-3	Use of human resources	0.9867
		B-4	Staff satisfaction	0.7402
C	Technological capabilities			**0.8706**
		C-1	IT application	0.8661
		C-2	Technological advancement	0.8298
		C-3	R&D	0.9680
		C-4	Construction technology	0.9053
		C-5	Consumer satisfaction (CS) with technology	0.7791
D	Finance competency			**1.0313**
		D-1	Financing capabilities	0.9153
		D-2	Capital growth	1.1873
E	Market Share			**0.9493**
		E-1	Localization	0.9680
		E-2	Market Coverage	0.6941
		E-3	Land acquisition strategy and implementation	0.7559
		E-4	Sales strategy and implementation	1.0304
		E-5	Consumer satisfaction (CS) over sales	1.4543
F	Social Responsibility			**0.9056**
		F-1	Qualifications	0.8857
		F-2	Image and reputation	1.0556
		F-3	Spending on charity	0.9643
		F-4	Corporate culture	0.7889
		F-5	Public relationship	0.8791
G	Regional Competitiveness			**1.0087**
		G-1	Population factor	1.1612
		G-2	Urban economy	0.9157
		G-3	Infrastructure and strategies	0.9926

Xiaoling Zhang , Liyin Shen , Martin Skitmore , Bo Xia (2010): The objective of this paper is to determine the "Key Competitiveness Indicators (KCIs)" for new real estate developers (REDs). A Delphi Forecasting Method (DFM) was employed to understand the viewpoint of 20 experts on the KCIs of new REDs. The findings show that the KCIs of new REDs are: 1) Capital Operation Capability; 2) Entrepreneurship; 3) Land Reserve capability; 4) High Sales Revenue from the first real estate development project; 5) Innovation Capability. This study will help the new REDs to identify and understand the KCIs and efficiently develop their business by concentrating their energies on these important indicators. However, different people may have their own definitions of each KCIs. Thus, the KCIs identified in this paper provides just a blueprint rather than a definite and clear cut solution for each business. Also, this study employed quantitative methodology to investigate

the KCIs of new REDs. However, qualitative research also needs to be carried out by interviewing the important stakeholders of the industry to better understand the KCIs and factors that impact the profitability of real estate firms.

Ven Sriram, Michael A. Anikeeff (1995) - This is a useful article for my research. The strategic consistency always leads to a better performance of the organization. A business at any scale cannot attain its goals if it is not consistent in its strategy, planning, and execution. The main parameter that defines the success or failure of a business is checked through the balance in its goal and objectives, and their achievements. Therefore, a business must have the right goals and must consistently review and tweak them for a better future or performance.

The study can help the owners/managers to properly structure their organization in order to ensure that their structure is consistent with their chosen strategy. One of the limitations of this article is that whether Strategic Consistency is also applicable to the real estate market in Mumbai. Hence, a part of questionnaires has been on Focused Product Strategy and Consistency and whether the Strategic Consistency has the relevant structure and does it have the relevant organization structure consistent with that strategy.

The article also says in order to enable stronger conclusions regarding the benefits of strategy consistency, other studies will need to replicate these findings using larger samples and add to generalization ability by investigating other industries.

It also further states that the finding of the study can help the owners, managers to properly structure their organization in order to ensure that this structure is consistent with their chosen strategy. As these results suggest strategy selection by itself is not a determinant of performance, it is its consistent application which is associated with higher performance.

Other limitation of this study was that it was carried out by using secondary sources of data

Chapter 3. Research Methodology

3.1 Research Objective

By using a mixed methodology (Qualitative + Quantitative), this research study aims to add to the comparatively small Mixed Methodology research base in examining the factors that affect the profitability of residential real estate in Mumbai.

Profitability is essential for the survival, growth and longevity of a business. In the absence of adequate capital or the financial resources used to support and manage a company, business failure is inevitable. No business can sustain for a substantial period of time without making a profit, hence determining a company's profitability, both current and future, is vital for the success of the company. The purpose of the present research is to study the factors that affect the profitability and growth of residential real estate in Mumbai.

It is believed that the results of this study will contribute to the body of real estate practice in Mumbai and also to the body of knowledge since 11 case studies based on real-time interviewing of the Founders and Promoters (Visionaries) of leading real estate developers are being developed for the first time for this doctoral study.

3.2 Specific Objective

To establish the relative importance of the factors affecting profitability of residential real estate development in Mumbai

3.3 Research Questions

The research questions were the following:

What are the factors that affect the profitability of residential real estate in Mumbai?

What factors contributed to the real estate organization’s growth during the last decade?

3.4 Research Gaps

1) A considerable amount of studies has been carried out on the following topics in other countries:

    A. Factors Affecting the Profitability of Real Estate Developers

B. Organizational Performance of Real Estate Developers

C. Competitive Factors

D. Key Competitive Indicators

E. Working Capital Management

F. Capital Structure and Financial Performance

G. Cost of Capital

Some of the articles are given below:

1. *Strategic Consistency and Performance of Real Estate Developers (Sriram et al., 1995)*

2. *Competitiveness Factors: A Study of the Real Estate Market in China (Heng et al., 2009)*

3. *Key Competitiveness Indicators for New Real Estate Developers (Zhang Xiaoling et al., 2010)*

4. *Factors Affecting the Profitability of Indonesian Real Estate Publicly-listed Companies (Dr John Francis T. Diaz, Martha Christine Tjokro Hindro, 2017)*

5. *Working Capital Management and Profitability Relationship-Evidences From Emerging Markets of UAE (Dr Anupam Mehta, 2014)*

6. *Performance of European Real Estate Companies (Klaus Hammes and Yinghong Chen, 2005)*

7. *The Relationship between Capital Structure and Financial Performance of China's Real Estate Listed Companies (Yazhu Feng*, Yanfei Guo, 2015)*

8. *The Effect of Increasing Cost of Capital on the Profitability of Real Estate Development in Benin City, Nigeria (Fidelis lfeanyl Emoh, Ikhuoshio Uzuanje, 2005)*

However, these studies are very limited in their scope in examining the factors that affect the Profitability in Residential Real Estate in Mumbai and establishing relative importance of the factors affecting Profitability of Residential Real Estate Development

2) Observation by *Dr John Francis T. Diaz, Martha Christine Tjokro Hindro:*

" Qualitative type of research can also be considered for future studies to personally better know how managers observe and control particular variables (e.g., number of days account payable and tangibility) in increasing profit and adding value of the firm"
(*Factors Affecting the Profitability of Indonesian Real Estate Publicly-listed Companies (Dr John Francis T. Diaz, Martha Christine Tjokro Hindro, 2017)*

3) Real estate is a dynamic and complex industry. Most of the studies have been from **secondary data** and **quantitative** in nature. These studies are for countries like Indonesia, China, European Countries, Hong Kong, Malaysia, USA, Nigeria, UAE.

4) Therefore, it is important to carry out empirical research by personally conducting in-depth interviews with Promoters, Founders of the real estate companies in Mumbai and understand the factors that affect Profitability and Growth

3.5 Conceptual Model

The conceptual model or the conceptual framework outlines the researcher's synthesis of the literature on how to describe a particular phenomenon. It involves a combination of the ideas of the researcher and the knowledge of the other scholars who have worked on the subject previously.

It allows the researcher to organize ideas and correlate the specific variables in his research with one another. Therefore, it recognizes the variables needed in the research study. The conceptual model serves as a "Blueprint" that will help you towards attaining the objectives of your study.

Developing a conceptual model will help to make sure that your research stay on track. It will also assist fellow researchers or scholars who are examining your thesis.

3.6 How the Conceptual Model was Formulated

The Categories (8) and the Profitability Factors (45) identified in the Conceptual Model (Fig.1) were a combination of:

1) Literature Reviews

Some of the Key Literatures referred for the Conceptual Model are given below:

A. Strategic Consistency and Performance: An Analysis of Real Estate Developers – Sriram et al (1995)
B. A Comparative Study of TQM Practice and Organizational Performance of SME's with and without ISO 9000 Certification - Sham-ur Rahman (2000)
C. Key Competitiveness Indicators for New Real Estate Developers - Zhang Xiaoling et al.(2010)
D. Strategies and Structure of Real Estate Development firms - Bhambri et al.(1991)
E. Competitiveness Factors: A Study of The Real Estate Market in China – Heng et al. (2009)
F. Firm Resources and Sustained Competitive Advantage - Jay Barney (1991)
G. Property Development Principles and Process - An Industry Analysis – Greg Costello (2010)
H. Working Capital Management and Profitability Relationship - Evidences From Emerging Markets of UAE (Dr Anupam Mehta, 2014)
I. Performance of European Real Estate Companies (Klaus Hammes and Yinghong Chen, 2005)
J. The Relationship between Capital Structure and Financial Performance of China's Real Estate Listed Companies (Yazhu Feng*, Yanfei Guo, 2015)
K. The Effect of Increasing Cost of Capital on the Profitability of Real Estate Development in Benin City, Nigeria (Fidelis lfeanyl Emoh, Ikhuoshio Uzuanje, 2015)
L. Factors Affecting the Profitability of Indonesian Real Estate Publicly-listed Companies (Dr John Francis T Diaz, Martha Christine Tjokro Hindro, 2017)

2) Insights from the in-depth interviews with the Founders and Promoters (Visionaries) of the 11 top real estate development companies in Mumbai (Qualitative Study)

3) Analysis of Questionnaires with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners) (Quantitative Study)

4) Practical Experience

5) My own Study in 2013 on the topic "A Study on Product Strategy Pursued by Developers Operating in Mumbai."

3.7 Conceptual Model Table - Factors Affecting Profitability of Residential Real Estate In Mumbai

SR NO	CATEGORIES	PROFITATABILITY FACTORS
1	**ORGANIZATION**	1. Project Management (Q.No.8 and 9) 2. Design Capability (Q.No.8 and 9) 3. Sales and Marketing Capability (Q.No.8 and 9) 4. Customer Satisfaction (Q.No.8 and 9) 5. Sustained Growth (Q.No.8 and 9) 6. Legacy/History (Q.No.21) 7. Multiple Product (Q.No.22)
2	**BRAND**	8. Brand Image(Q.No.10) 9. Brand Identity (Q.No.10) 10. Brand Awareness (Q.No.10) 11. Brand Perception (Q.No.10) 12. Brand Loyalty (Q.No.10) 13. Brand Association (Q.No.10)
3	**REGULATORY COMPLIANCE CAPABILITY**	14. Economic Reforms (Regulatory) (Q.No.18) 15. RERA (Q.No.18) 16. Development Control Regulations (Q.No.18) 17. Direct and Indirect Taxes (Q.No.18) 18. MoEF (Q.No.18) 19. Civil Aviation (Q.No.18) 20. Ministry of Defence (Q.No.18)

4	**PRICING & STRATEGY**	21. Product and Size (Q.No.14) 22. Price of Product (Q.No.14) 23. Location (Q.No.14) 24. Economic Indicators (Q.No.14) 25. Terms of Payment (Q.No.14) 26. Amenities (Q.No.14) 27. Demand and Supply (Q.No.14) 28. Competition (Q.No.20)
5	**CAPABILITY BUILDING**	29. Talent Management (Q.No.13) 30. Leadership Development (Q.No.13) 31. Performance Management and Rewards (Q.No.13)
6	**STAKEHOLDER PARTNERSHIP**	32. Joint Venture (Q.No.15) 33. Development and Management (D&M) Mode (Q.No.15) 34. Revenue Sharing (Q.No.15) 35. Long Term Partnership (Q.No.15)
7	**FINANCIAL FACTORS**	36. Cash Flow (Q.No.25) 37. Debt and Equity Ratio (Q.No.25) 38. Internal Rate of Return (IRR) (Q.No.25) 39. Current Ratio (Q.No.25) 40. Creditworthiness (Q.No.24)
8	**EXECUTION CAPABILITY**	41. Quality of Product (Q.No.8 and 9) 42. Timely Execution of Product (Q.No.8 and 9) 43. Acquisition of Land (Q.No.16) 44. Innovation (Q.No.17) 45. Cash Conversion Cycle

3.8 Sources of Data:

The data for the current study were collected from both primary and secondary sources

(a) **Primary data:**

Primary data is the original data that has been directly collected by the researcher for a specific purpose. Researchers accumulate the data themselves, using observations, surveys, experiments, questionnaire, personal interview etc. The collection of primary data is a time-consuming process and usually more expensive as compared to the secondary data.

The primary data was a fundamental part of this study. The primary data was collected through Semi-Structured interviews and a questionnaire.

(b) **Secondary data:**

Secondary data refers to the data that is already collected by someone other than the researcher from various sources. Essentially, secondary data is the examination and analysis of the primary data. The secondary data is easily available and more economical to collect as compared to primary data.

The following were the sources of the secondary data:

1. Annual Report of the Real Estate Companies

2. Government Publications

3. Research Journals

4. Newspapers

5. Articles

6. Magazines

7. Internet

3.8.1 Data Collection

Data collection for this research study involved interviews with founders and promoters (Visionaries) of the 11 top real estate development companies in Mumbai to study the factors that affect the profitability in residential real estate in Mumbai and questionnaires with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners) of real estate companies based in Mumbai. Questionnaires were used in the triangulation process, a method used to raise the credibility of qualitative analysis. Second

round of interviews were conducted with the real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai.

3.8.2 Research Methodology - Qualitative Study

Research Study was carried out in two parts – First Qualitative followed by Quantitative.

Data Collection Period (Interviews): Nov 2018 – May 2019

- Qualitative Study consisted of in-depth interviews with Founders and Promoters (Visionaries) of the 11 top real estate development companies in Mumbai
- Qualitative Study using Grounded Theory helped analysing the factors that affect the profitability of residential real estate in Mumbai. It also assisted in examining the factors that contributed to the growth of real estate companies in Mumbai.
- After collection and Analysis of Qualitative Data, Questionnaire Analysis was performed.

3.8.3 Interviews

The interviews were conducted based on the information collected from the literature research and my practical experience. The main objective of the interview was to investigate the factors that affect the profitability in residential real estate in Mumbai.

The same interview questions were asked to each participant. The length of the interviews was between 60 to 180 minutes. Interviews were recorded and transcribed. A semi-structured type of interview was used in the current study, allowing me and the participant to foster a two-way communication that helped to gain an in-depth understanding of the motivation behind the participant's choices, behavior, and their perspectives. I heard the interview many times and read the transcript numerous times to generate new concepts and categories from the codes. The emergent categories were closely grounded in data.

The interview consisted of 33 open-ended questions. Interview questions are provided in

Table 1. These questions can be classified into 3 main themes that are addressed below

The interview started with softball questions to put the participants at ease with queries they can comfortably and happily answer. These questions (Questions 1-5) inquired about the participants' professional career and how they forayed into the real estate business.

The second set of questions requested feedback on the participants' experiences while working in the real estate sector (Questions 6-9). These questions also solicited feedback from the participants regarding their long-term view of the real estate business. Participants were also asked about the challenges they encountered in their career and the obstacles faced by the Mumbai real estate sector.

The remaining questions (Questions 10 - 33) inquired about the factors affecting profitability in residential real estate in Mumbai. In these, several interview questions were included to investigate the variables that impact the profitability, survivability, and growth of real estate companies based in Mumbai.

Lastly, the interview ended with a question addressing any subject not covered.

Table - Interview Questions

1. Can you tell us the story of your career?
2. Which ones were your first three projects?
3. How old is your company?
4. Which were the projects that you were really proud of and Why?
5. Who were your mentors and what did you learn from them?
6. Over a period of time, how have you made yourselves different from others?
7. What were the challenges you faced in your career? And how did you overcome those challenges?
8. What challenges do you see that the industry is passing through?

9. What is your long-term view of the real estate business?

10. According to you, how would you measure the profitability of an organization? Would you measure it on sales, equity, cost, net worth, liquidity? (Is it a percentage of sales, Is it a percentage of the equity that you have invested, Is it a percentage of the total funds that you have invested, Is it based on the cost of the project, Is it based on the net worth that you increase every year, Is it based on the liquidity that you have?)

11. What are the factors that affect the profitability of residential real estate in Mumbai?

12. Do you feel profit should be the first goal of an organization? If you are measuring profit, it would be at what stage? What would you give priority before profit and what will follow profit? Where does profit stand?

13. The last few years many developers have not earned profits. What do you think were the reasons?

14. According to you, which are the developers who are making sustained profits especially in today's market?

15. What is the importance of timing of doing your business? How do you judge the timing? How much importance will you give to timing of doing the business?

16. How do deep pockets affect profitability?

17. Stakeholder Partnership/Industry Affiliation: Through developments either by buying a plot and land developing or by a Joint Development or a Joint Venture or a development and management model, what do you feel are the advantages and disadvantages of each of them and what do you think is best suited for long term sustenance and long term profitability?

18. How much would you focus upon your investment into short term investments and long-term investments and annuity yielding investment?

19. How much importance do you give to transparency and openness in your organization? What is the effect of your transparency in your organization profitability?

20. Do you think the ability to acquire land affect the profitability of an organization? Please elaborate.

21. Do you think the ability to raise finance at low-interest rates is an important factor in measuring the profitability of an organization? Please elaborate.

22. Do you think cash flow is a critical factor that affects the profitability of an organization? Please elaborate.

23. Why are so many real estate companies today meeting their sales targets but still losing money?

24. What are the most common mistakes real estate organizations are making that prevent them from being consistently as profitable as possible?

25. Can you tell the extent to which the marketing has helped improving the profitability of the organization?

26. Do you think a firm's size influences its profitability? Please elaborate.

27. How would you rate Brand and Trustworthiness in terms of the importance of profitability of an organization?

28. According to you, how does the execution capability of an organization for ex: completing the projects on time affect the profitability of an organization?

29. Where does regular sustained growth stand in measuring the profitability of an organization?

30. How do the government policies/regulations affect the profitability of an organization?

31. Pricing: How does the pricing of your products affect the profitability of your organization? For ex: Should you adjust your prices regularly or should you offer different levels of products or services at different price points?

32. Competition: How does the degree of competition a firm faces affect the profitability of an organization? (For ex: If the market is very competitive, then profitability will be lower)

33. What are you missing in your life?

Second round of interviews were conducted with the real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai. Below is the interview question:

1. Share a few details on the factors that contributed to your organization's growth during the last decade?

3.8.4 Research Methodology - Quantitative Study

Data Collection Period (Questionnaires): April 2019 – May 2019

- Quantitative Study (Questionnaires) was performed with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners)
- Quantitative Study helped in collecting insights of various factors and their relative importance on the profitability of residential real estate business.
- Questionnaire data was analysed using SPSS.

3.8.5 Questionnaires

In addition to interviews, questionnaire via email were also sent to the Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners) of 130 real estate companies based in Mumbai. The participants were selected from the MCHI-CREDAI Database. The MCHI-CREDAI Database contains a list of 1200 members. Out of 1200 Members, 130 Active developers (11%) were identified based on whether they had On-going Projects. The questionnaire was sent to all 130 active developers via email. 35 participants (27%) responded and completed the questionnaire.

The analysis of the questionnaire was done separately to investigate if our quantitative data can confirm our qualitative findings.

Question No 1 to 7 were demographic questions and Question No. 19 and Question No 26 were open-ended questions.

Remaining Questions were Likert Scale (Question No. 8, 9, 10, 13, 14, 15, 16, 17,18, 20, 21,22 and 24), Ranking (Question No 23 and 25) and Multiple-Choice Questions (Question No. 11 and 12).

3.8.6 Research Methodology – Triangulation

Triangulation and Relative Importance

- Triangulation of the study was done from the analysis of Qualitative and Quantitative Study
- Both Qualitative and Quantitative study together helped in examining the factors that affect the Profitability of Residential Real Estate Development in Mumbai and
- Establish relative importance of the factors affecting Profitability of Residential Real Estate Development and
- Examine the factors that contributed to the growth of real estate companies in Mumbai

3.8.7 Logic for Mixed Method

Why Did We Use Mixed Methods?

Qualitative Study consisted of in-depth interviews with Founders and Promoters (Visionaries) of the 11 top real estate development companies in Mumbai

Quantitative Study (Questionnaires) was performed with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners (Practitioners)

- Need for Empirical Research
- The requirement for diverse, different perspectives.
- The need to triangulate the themes emerged from interview with a wider sample.
- To check if quantitative and qualitative data confirm the same findings
- The requirement to elucidate quantitative results.
- The requirement to collect trend data and individual perspectives.

Chapter 4. Data Analysis

This chapter describes the grounded theory methodology and demonstrates how it was used to address the research question, ‘what are the factors that affect the profitability and growth in residential real estate in Mumbai?’

4.1 Qualitative Research

The Need for Qualitative Research

Qualitative research is especially suitable for the investigation of an area of study where the research work is at a very early stage or where the majority of the research work has been derived from pre-existing theories.

The qualitative researcher would be seeing a potential inherent problem and would attempt to understand more about the participants and their subjective views on the factors affecting profitability in residential real estate in Mumbai.

Qualitative methods also acknowledge the different intricacies of the method of explanation and allow an interviewer to examine tacit meanings in the words of participants and also discrepancies that are seen and expressed by the participants. Due of difficulties like these, there is a need for qualitative research for this study.

4.1.1 Types of Research Design:

This qualitative study used Grounded Theory for the collection and analysis of data.

Grounded Theory is a research method used for the discovery and generation of new theory from data. (Glaser and Strauss, 1967).

Other qualitative research methods are used to validate only pre-existing theories whereas Grounded Theory is used to generate new theory from data. Grounded Theory is a suitable research method to gain an in-depth understanding of the research topic. Grounded Theory is the most appropriate research method to examine an area of study that is unknown and has seen narrow research in the past.

This topic relates to factors affecting the profitability and growth of residential real estate in Mumbai, which has received inadequate research to date. Grounded theory was therefore recognized as an appropriate research methodology to address the objectives of the study and examine the factors affecting the profitability and growth of residential real estate in Mumbai.

There are different models and interpretations of Grounded Theory, each has its strengths and weakness. There are currently three broadly used approaches to Grounded Theory: one by Glaser and Strauss, one by Corbin & Strauss and one by Charmaz and all will be discussed here.

Grounded Theory method was initially conceptualized by two sociologists, Barney Glaser and Anselm Strauss (1967). Their partnership in research on terminally ill patients led them to write Awareness of Dying in 1965. Glaser and Strauss argued that most qualitative research focused on verifying pre-existing theories rather than generating new theory. During those days, majority of the sociologists were employing Quantitative Research Methods to verify pre-existing theories. Glaser and Strauss developed the grounded theory methodology to put more emphasis on Qualitative research methods. Glaser and Strauss stressed that by adhering to the methodological procedures thoroughly, the researcher will discover the theory that is present in the data and the same theory will be discovered regardless of the individual conducting the research.

The second broadly used version of grounded theory was developed by Strauss and Corbin (1990; 1998). Glaser criticized the Strauss and Corbin's approach as it inhibits the natural emergence of theory from data. Also, Strauss and Corbin's approach to Grounded Theory follows a more rigor-based methodology for collection and analysis of data. This approach has been criticized for being very rigid and therefore disconnected from the original inductive methodology of grounded theory, potentially changing it into a fixed, inflexible and deductive procedure.

The third and final version of the grounded theory was designed by Charmaz. In this version, the researcher plays a very important role in influencing the final theory. I adhered to Charmaz's work on constructivist grounded theory since it explains the role that the researcher plays in shaping the research results.

4.1.2 Initial recruitment and sampling of participants

In the current study, I thought various populations as potentially worthy of being chosen for this research study, including Visionaries, Practitioners, Founders, CEOs, MDs, Architects, Bankers, Contractors, Suppliers, Solicitors of top real estate companies. However, I decided to focus on data collection from the Visionaries, Practitioners, Founders, CEOs, and MDs since they have been in the business for more than 20 years and therefore have seen the ups and downs of the real estate business.

The constructivist Grounded Theory approach by Charmaz puts emphasis on the researcher in shaping the final theory. For the data gathering, the respondents in this research study were selected as per my understanding of the population for the specific objectives of the study. The inclusion conditions for this research study were that the respondents:

1. Were associated with the real estate business for more than 20 years
2. Were ready to take part in at least one interview for the objectives of the study
3. Were prepared to let the interview to be audio-recorded and then transcribe the recorded interview to examine the emerging codes and categories

4.1.3 Initial Coding

The first analytic step of Grounded Theory is Coding (Charmaz, 2006).

Charmaz, 2006 defines Coding as:

"Coding means naming segments of data with a label that simultaneously categorizes, summarizes, and accounts segments of data with a short name that simultaneously summarizes and accounts for each piece of data."

Coding forms the backbone of our data analysis. Through coding, I unravelled the transcribed interview and made sense of the data.

I followed the method of Initial Coding of the transcribed interviews as it allowed me a detailed and comprehensive analysis of the data (Refer Appendix 1 for Initial Coding of

Interview 1)

I created a number of codes for each transcript and coding allowed me to move swiftly and quickly through the data (Charmaz, 2006). According to the literature, the coding should be conducted with an open mind without any preconceived ideas. I generated codes that were simple and closely connected to the data.

Through coding, we begin studying our data in a detailed manner. As we scrutinize the data, new codes emerge.

Coding also enabled me to go deeper into the data and interpret participant's hidden meanings and words.

I followed the process of constant comparative analysis and compared my codes within the same interview, between different interviews, compared the codes with data within the same interview, compared the codes with data between different interviews. I also coded participant's special terms as in vivo codes (Charmaz, 2006).

Table 1

Interview Transcript 1	**Initial Codes**
Interviewer: And over a period of time, how have you made yourselves different from others?	
Interviewee: I don't know how to describe that but let's say - I never had the intention to do anything which is not correct. Now, in the real estate sector, we all know that people have got different genius mind. JUGAAD mind works differently. I can understand all these things but I never believed in doing it so that makes me different. I mean if everyone is doing it and	• Being Ethical • In-vivo code (Not being JUGAADU) • Not doing the wrong things

I don't want to do it, I feel that it is not right, so I should not do it. I know that it is beneficial. I know that people are doing it.	
Then other things that made me different are the LUST of doing things better, the desire to EXCEL. Not following an absolute track. When you follow a track, then you always go into track and then you can't change. Don't go into Why for ex: Why it can't be done? I will give you an example.	• Not taking the easy way out • Lust to do things better • Desire to excel
In 1971, I bought this land in Peddar Road. That was my second project actually. So, it was a very good project, but it was a very large project for that matter especially in those times. So, my another MAMA wanted to join me. So, I felt instead of making two buildings of 10 floors each, it is much better to make one building of 21 floors. And I was convincing myself - In those times, even 3-4 floors were difficult to sell. So, I will be saddled with double the inventory which will be difficult to sell. Then, the more the building is higher, we get a better view. Though my cost will go up, my floor rise will also go up. So, overall, it will give me a more benefit and a much better presence in the market. You know, in those times, 21 storey building was a unique thing. There was none. Except Usha Kiran, Woodland and Shapoorji Pallonji had built Sterling and	• Entering uncharted territory

Shikar Kunj. These were the only four high rise buildings and all built by big people. Kohinoor was built by Apte - The owner of the Kohinoor Mills. Shapoorji Pallonji is Shapoorji Pallonji. Usha Kiran was built by Khandelwal, Shikar Kunj was built by Jayant Family. No other high rise buildings were being made and I was thinking of making 21 storey building. Interviewer: Woodland was made by whom? Interviewee: Apte, Kohinoor Mills owner. So, my MAMA agreed with all terms. Then, I do not remember whether he gave me some money or not. But he said Mofat, you are making 21 storey building. We have to make two buildings of 10 floors each. I said, Apte made Kohinoor Mills and it got sold, Khandelwal also sold his building and we don't have to compare ourselves with Shapoorji Pallonji. Shapoorji Pallonji is a big conglomerate. A billionaire. However, my MAMA said that we should not take a risk and build 21-floor building. We have to make two buildings of 10 floors each. I tried to convince him by saying why I think	• Risk taking

21-floor building will be nice, why is it better. Though it may take 9 months more, it may cost us more but our gains will be much higher. And the view of the building will be far better. My two flats will otherwise go on the backside. 2 flats only can come up front. In this, all the flats were 2+2. It was 2 flats a floor. Whole building was 2 flats a floor. I convinced my MAMA but he being orthodox, he was not convinced and backed out of the project. I said fine but I carried on with my plan. And I was very successful.	
So, I was not all the time traditional. I always felt that why do we keep the entrance so small. Before, the entrance was so small. Entrance is the place where everyone comes. All your visitors come through the entrance. And that gives you the ambiance.	• Not being orthodox
I used to read a lot of foreign magazines, even in those times. I never visited abroad but I used to read magazines. So, after reading magazines, I used to get an idea like this should be the ambiance etc. So, in Neelambar, we made a very large entrance.	• Keep on learning
This is how it made me different from others. I used to look at a larger picture rather than looking at a smaller picture. I will always think about an idea, but I will	• Always looking at a larger picture • Strong Influence of wife, mother, family to be ethical

not immediately jump into it. However, at the same time, I will take that RISK. I personally feel that it is the correct way of thinking. So, all these things made me little different right from the beginning and this ethic point was very strong with me. Because of my background, my wife. She was really an epitome of ethics. Interviewer: When you say background, what background? Interviewee: My mother was very strong ethically. She always told me to remain ethical. My wife was very ethical. She would not even allow me to tell lies on the telephone. For ex: When we do not want to talk to someone, normally, we will instruct the servant to tell others then we are not available. But, my wife would not even allow me to do that. She said it does not suit my personality. Why do you have to tell lies to your servant? If you do that, first you get demeaned in front of your servant itself. The servant thinks that my master tells lies. First, you degrade yourselves in front of your servant. If you do not want to talk to someone, tell bluntly that you do not want to talk. That's it. No need to tell lies. Be bold enough to say that I do not want to talk at this time. I can	• Not lying

talk at some other time. Do not get into this lying business. It does not suit you. It is not your character. Interviewer: So, very careful thinking of whatever you wanted to do in a very rational way and then you would take your decision Interviewee: Yes. And then, I would stick to that. I will not waver. It is not that all my decisions were right in life but the majority of them were.	• Taking decision after careful thinking. • Not wavering after taking decision

4.1.4 Focused Codes

The second stage of coding I engaged in was that of focused coding. I used focused coding to label and elaborate huge segments of data. Focused codes are those earlier codes that are used more frequently during the data analysis.

Interview Transcript 1	Initial Codes	Focused Code
Interviewer: Then, what about your marketing, sales? Mofatraj Munot: I always handle the work through professionals. I do not even sit in any sales unless the client is known and he wants me to be present there. Even when the CRM (Customer Relationship Management) was not even heard in the real estate industry, we always had a CRM. Most of the problems happen because you do not communicate well with your customers. So, the customer interface, relations, communication with the customers, the truthiness of communication is all extremely important otherwise there will be rumours.	•Having a strong CRM – Customer Relationship Management	Customer Relationship Management

For ex: Let's say sometimes your job is stopped. Maybe it's stopped simply because you did not get permission above that level. Either, you did not buy the TDR. So, we communicate regularly and transparently with the customers that this was held up only because of this particular issue. Otherwise, there will be rumours amongst the customers We also have corporate communication. Then, of course, HR. We have got a huge HR department. We have a huge training department. There is a safety department. Safety is again a central group subject. There is also a combined meeting of all HR's. Look, there is nothing specific except that to the level that we have categories in real estate where the bunch of people has got a different mind-set and because of that mind-set if affects the organization. The owner's mind-set is extremely important. Interviewer: That is the seed for the whole tree to grow. Mofatraj Munot: Look, all other things are common for any organization. Manufacturing has got a different set of discipline and different set of thinking. Their whole set is different; Marketing company has got purely a different thought of thinking. We are manufacturing also but manufacturing not at one concise place but at different locations. Interviewer: So, you have brought manufacturing mentality in real estate? Mofatraj Munot: No, that is to the execution level. As far as your question about marketing and sales, I have to say that marketing is a different subject. We have got a full-fledged marketing department, sales department. Sales and marketing again are different. Before, sales and marketing were not different. Marketing is a different subject and sales are a different subject.	• Regular communication •Transparent communication • Having different marketing and sales team	

4.1.5 Memo-writing

Charmaz, 2006 defines Memo-writing as:

"Memo-writing is a vital method in grounded theory because it encourages you to examine your data and codes at a very early stage. Certain codes stand out and take shape as theoretical categories as you write consecutive memos. Through speaking with yourself while memo-writing, new idea and insights develop during the act of writing."

After coding, I wrote analytic notes of the codes which assisted me to explore ideas about the codes and advance certain codes to conceptual categories. Memo writing assisted me to refine categories, define their properties, clarify relationships between categories and detect gaps in the data collected. (Charmaz, 2006).

An example of memo writing is shown below:

Mofatraj Munot had many mentors in the early part of his career. He acquired knowledge from different people. At the same time, he was all the time **curious and always open and eager to learn**. **Self-learning** also played a very significant role in shaping his career.

Mofatrat Munot revealed that he would never take any things at face value. He wanted to verify and validate everything that the other side said.

Some of the other personality traits that made him different from others were **being ethical, desire to excel, risk-taking ability, seeing the bigger picture**, etc.

Mofatraj Munot stated that he **took decisions** only after **careful and deliberate thinking**. However, once, he had taken the decision, he would stick to it and **not waver**.

Brief overview of few important themes identified during the interview:

- **Ethics**

A simple explanation of ethics adopted from Oxford Dictionary is as follows:

"Ethics means moral principles that direct a person's behaviour or the conducting of an activity". This includes both our personal lives and our working lives.

Being ethical was one of the core codes identified during the interview. In Mofatraj Munot's case, ethics played a critical role in defining his career and character. He said that he never had any intention to do anything which was not correct. His family; especially his wife and mother always told him to be ethical and righteous.

4.1.6 Theoretical Sampling and Saturation

Charmaz, 2006 defines Theoretical Sampling as:

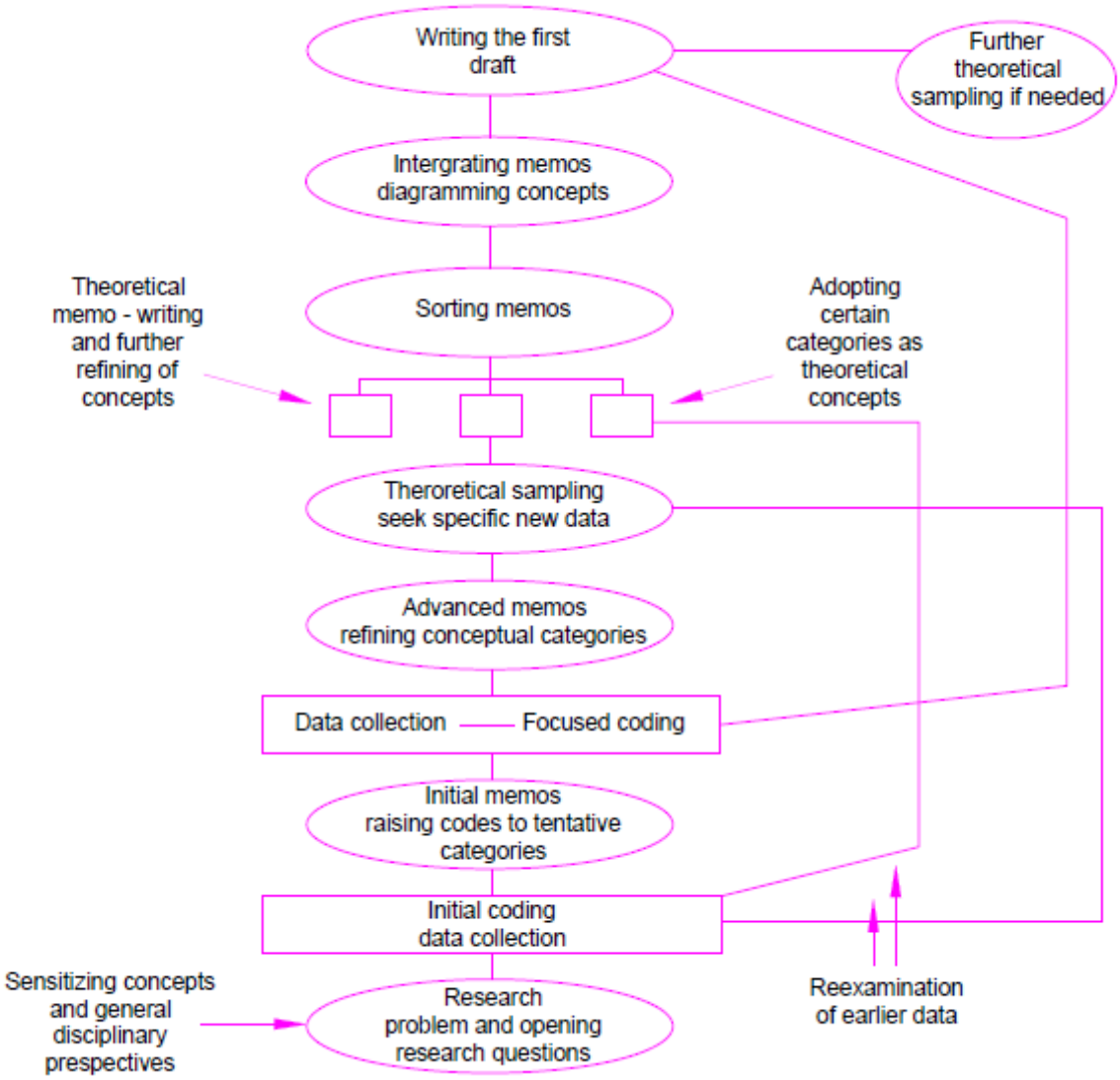
"Theoretical sampling means looking for relevant data to develop your emerging theory. The main objective of theoretical sampling is to develop and refine the categories forming your

theory. You conduct theoretical sampling step by step to build the properties of your category till no new properties appear."

"Theoretical saturation is the phase of qualitative data analysis in which the researcher has continued sampling and analysing data until no fresh data appear and all concepts in the theory are well-developed."

I did theoretical sampling to identify gaps in the existing data and refine and elaborate categories. I performed theoretical sampling by conducting second round of interviews with the real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai. Theoretical Sampling enabled me to fill gaps, explain uncertainties, and develop the emerging theory in a more elaborate manner.

4.1.7 Grounded Theory Flowchart:


Writing the first draft
Further theoretical sampling if needed
Intergrating memos diagramming concepts
Theoretical memo - writing and further refining of concepts
Sorting memos
Adopting certain categories as theoretical concepts
Theroretical sampling seek specific new data
Advanced memos refining conceptual categories
Data collection
Focused coding
Initial memos raising codes to tentative categories
Initial coding data collection
Sensitizing concepts and general disciplinary prespectives
Research problem and opening research questions
Reexamination of earlier data

Data Analysis –Qualitative

The tables showing the focused codes identified from each interview are given below

1) Developer Name: Mr. Mofatraj Munot; Group Name: Kalpataru Group

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"When so tight laws are there which are not going to pardon you and there is no authority also which can pardon you. Even RERA can't pardon you. So, what is your choice left? You have to build your capability to the level that you achieve your targets."	Building Internal Capability	Execution Capability
"Profitability is a secondary part. Here, RERA does not talk about profitability. RERA talks about honoring your commitment. And not honoring of commitment will put you into more difficulty. So, whether you make a profit or not, it is a secondary issue. You have to honor your commitment."	Honoring Commitments	Execution Capability
"Even when the CRM (Customer Relationship Management) was not even heard in the real estate industry, we always had a CRM. Most of the problems happen because you do not communicate well with your customers. So, the customer interface, relations, communication with the customers, the truthiness of communication is all extremely important otherwise there will be rumors."	Customer Relationship Management	Organization
"And since we are surrounded by a lot of collateral damages of the various other people, how we can protect ourselves? Still, we do have a collateral damage. If 4 builders go to court for bad or illegal work, then the entire industry's name gets spoilt. How to prevent that collateral damage to the best of your ability?"	Preventing Collateral Damage	Organization
"I am too open. Parag, my son, feels that I should not be too open. That is my nature. I also feel now that you should not be too open. You should be open but you should not be opaque. I feel what you want to tell others it must be transparent. You should only tell to the extent what is needed to be told. Not beyond that."	Transparency and Awareness	Organization
"If I missed anything, it would be the commercial thing i.e. to be a commercial developer. Diversification is very important for the success of the organization."	Diversification	Pricing and Strategy
"Ultimately, today you cannot build with your whims and fancies and then wait for it to be sold. You have to very careful in this market about what you want to build. What you should build? It's not what you want to build rather what you should build. It's important. Earlier, it was not that important.	Product Strategy	Pricing and Strategy

2) Developer Name: Mr. Rajni Ajmera; Group Name: Ajmera Realty

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"There are 3-4 criteria for measuring the performance of the organization. They are: • Approvals • Timely Completion of the projects i.e. Execution. • Profitability • Customer Satisfaction"	Customer Satisfaction	Organization
"Sustained growth always depends on the right decisions you make. For ex: Buying the land, starting the projects on time, establish a finance to execute the project, etc. Having a balance is also necessary for sustained growth. If you maintain balance, there will always be sustained growth. If you go on buying the land without having any financial systems in place, it will create problems for you. You cannot just go on collecting the land bank."	Sustained Growth	Organization
"He also believed that effort is the same if we build one building or many buildings - from purchasing of the land to development, legal, compliance, etc. the effort is 50 or 60% the same, so why not build a large project rather than small projects? He believed in business of volume and profit by turnover and not by developing one or two buildings. He also believed that in business there will always be cycles – Some cycles may be positive and some may be negative. You have to capitalize on the positive cycle and persist and survive in the negative cycle."	Volume Business	Pricing and Strategy
"The key factor in the performance of the organization is buying developable land, having proper approvals in place, having proper execution, maintaining consistent sales, having a good staff, good organization team. If you are not having proper approvals in place, then your permission to start the projects get delayed and then it affects the whole organization. Also, it is important to divide the project into phases and have a milestone system in place."	Proper Approvals	Regulatory Compliance Capability
"Sustained growth always depends on the right decisions you make. For ex: Buying the land, starting the projects on time, establish a finance to execute the project, etc. Having a balance is also necessary for sustained growth. If you maintain balance, there will always be sustained growth. If you go on buying the land without having any financial systems in place, it will create problems for you. You cannot just go on collecting the land bank."	Timely Execution of Projects	Execution Capability
"A new opportunity means diversification i.e. having different products within real estate. It is wise to not put all your eggs in one basket. Spreading your risk is better."	Diversification	Pricing and Strategy
"Transparency and openness is very important in our organization. According to me, everything should be transparent. Your vision, policies, etc. should be shared with everyone."	Transparency and Awareness	Organization
"We would be focusing more on the liaison, buying of new land, looking for new opportunities, etc. We feel approval is the key. Buying of new land is essential for profitability."	Acquisition of Land	Execution Capability

3) Developer Name: Mr. Deepak Goradia; Group Name: Dosti Realty

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"Market Dynamics changes the core strength of the developer. If my business development team brings on my table some viable proposal of different types of real estate like commercial, etc. and if the number permits and market dynamics permits me to do it, then I don't mind venturing into that activity also".	Market Dynamics	Pricing and Strategy
"It is almost 4 and a half years, the real estate sector has not improved. From 2013-2018, the real estate sector has been hit with various issues. The real estate sector has been hit 4 Tsunamis - Demonetization, RERA, GST and the fourth Tsunami of NBFC that has affected the industry."	Regulatory Reforms	Regulatory Compliance Capability
"Having a brand with a track record and credential in the market is extremely important. Any business has to run with whatever strength they have along with the revenue. If you have the best products but if you are not able to sell the best products, then the organization cannot continue for long. So, the brand is definitely the most important part."	Branding	Brand
"We are dealing with all unknown customers. There are no repetitive customers. Our customer is one-time customer and sometimes they get through reference another customer. Sometimes, they want to have the 2nd house as an investment. Still, for the customers, they have become very conscious of today's world. It is not a seller's market; it is a buyers' market so the first thing any developer should do is building trust with customer base."	Trustworthiness	Organization

4) Developer Name: Sukhraj Nahar; Group Name: Nahar Group

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"I have created a proper system or Standard Operating Procedure for each and everything due to which everything runs professionally. If you want to be successful, Create such a system where there is no scope for unethical work."	Standard Operating Procedure	Execution Capability
"Customer Centricity is a key to business. Even today I try to meet every customer while giving the possession of the home or during the agreement. I listen to the problems of the customers."	Customer Centricity	Organization
"Create such a system where there is no scope for unethical work. RERA is applicable only for you and me because our aim is to do a professional and ethical work life-long. "	Maintaining Ethical Standards	Organization
"CSR is bigger than my business and I feel CSR is very essential for the profitability of business."	Corporate Social Responsibilities	Organization

5) Developer Name: Mr. Ramesh Bijlani; Group Name: Supreme Universal

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"That's why cash flow is important. If you are able to manage your cash flow, it is great. Your approvals should not be delayed for not having money. Today, if you have recovered more than what you have invested, naturally there will be profit. Today, our real estate industry is a cash flow business. If you are able to maintain a cash flow then you will never go wrong."	Cash Flow	Financial Factor
"The day we decide that we want to do this project - When is the exit that is what we set a target. That by this time we want to exit from this project. Entry may get delayed but exit has to be certain and if the date of exit is not certain, we will not invest money. If your project is delayed for 3 months that means your calculation somewhere has gone wrong. Timely Execution of projects is vital for profitability."	Timely Execution of Projects	Execution Capability
"During that time, we always think of risks because we always like to be in the comfort zone. Once you get into that groove of taking risks, then there will be no ending. Then the sky is your limit. At Supreme Universal, we try to avoid risk-taking capacity. However, I feel taking calculated risks is important for the growth and profitability of the organization."	Risk Taking Ability	Execution Capability
"Yes, the most important part. Your reputation, branding, name, are very important. The delivery timelines are also the most critical because people plan their future on our delivery. That is the first concern where we will compromise our profitability. Our prime concern will be our brand and reputation. If you make a loss also, we will not compromise on our branding."	Branding	Brand
"As far as sales are concerned, we never had any issues. All the issues what we faced are government challenges. You are always sitting on an edge. If your project is not completed or the OC has not come, you are always at a risk."	Regulatory Reforms	Regulatory Compliance Capability

6) Developer Name: Mr. Vikas Oberoi; Group Name: Oberoi Realty

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
“That's what, I said that if you "Incrementally Innovate", then you will not be surprised. Like you don't take a complete 360-degree turn. Let us keep on innovating incrementally. Again, you know, I go back to my own theory of "Incremental Improvement". When I look at you and hear from you, I will have something to learn from you. The theory of "Incremental Increase" is what is important.”	Incremental Innovation	Execution Capability
"Profit is like water, Cash flow is like oxygen". You can live without water for a while but you cannot live without oxygen at all. So, focus on cash flow.“	Cash Flow	Financial Factor
“I must tell you that our real estate business when it comes to IRR, it is not that lucrative. With the sort of brand name and effort and all that we put, literally, we go double digit on our IRR. So, it is like that poor. You create wealth but you do not really make money. So, to make money, you have to focus on IRR.”	Internal Rate of Return	Financial Factor

7) Developer Name: Mr. Abhishekh Lodha; Group Name: Lodha Group

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"And what we call ROTI which is Return on Time Invested. So, how much impact do you make per month? If you make 40 crores in 2 years vs. 40 crores in 8 years, it is a very different thing."	Return on Time Investment	Execution Capability
"If you grow very fast and you are not able to sustain that growth then you can also fall off very fast. If you run too fast and there is a cliff, then you do not know how to climb and then if you stay there, then you can fall off very easily. But, I think we have been able to create a sustainable growth of our organization. Sustained growth is vital for the success of the organization."	Sustained Growth	Organization
"Technology is really changing at a mind-boggling pace and we can think that we are building homes or offices or whatever but the consumer is really becoming a lot more driven by technology and also there is so much inefficiency within the business that if you are able to streamline your processes and use technology then there is a lot of value to be gained. You learn from what others do in your industry."	Technological Innovation	Pricing and Strategy
"There are some parts that the Government does towards social development but the private sector also needs to play its part. Often we keep cribbing about the Government but then we also should take up the ownership and the responsibility. In Lodha, we have an internal strategy team which does this ongoing process of learning, exploring what needs to be executed. We try to contribute as much as possible towards the environment. The LODHA Group's vision of 'Building a Better Life' extends to its corporate social responsibility initiative, which aims to create a better life for its brethren in the society. The foundation aims to improve the lives of communities by making need based investments in initiatives that provide both short and long term benefits to individuals and community at large."	Corporate Social Responsibility	Organization
"The development part of the business is really dependent on how long the economic cycle is and where are you starting in that economic cycle and where you are ending. I think at a macro level one has to say that if you want a profitable project, then recognize the fact that you are very closely linked to the economic cycle. And therefore don't play the economic cycle. So, modest size projects which can complete in 3-5 years. They might not give you a big upside but they also won't give you a big downside. And the cycle of the project like from whenever you start to how quickly do you finish is very important. "	Economic Cycle	Pricing and Strategy

8) Developer Name: Mr. Pravin Doshi; Group Name: ACME Housing

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"One thing that I have learnt is that in our business, people are not very good at accounts. 75-80% people do not know what account is. In the real estate industry, at every step, you must know how much is your losses per hour, how much bill of electricity is coming to your office (how to reduce it?). That we have never learnt. Now, the time has come that if you do not learn that, you will be washed off. Small changes are needed to save money and that is only possible provided you are very good at accounts."	Proper Account Management	Organization
"Profitability depends on your goodwill, timely possession, better project management and most importantly, the satisfaction of your customers. Hurriedly you cannot get profit."	Customer Satisfaction	Organization
"Timing is very important in every business. If you are irregular in timing, your profitability will go for a toss. You cannot be irregular in timely execution of your project; you have to be very regular in timing. And more you respect the time, you will be winning. Otherwise, it is very difficult."	Timely Execution of Project	Execution Capability
"Better Brand Building has become essential now a days. In order to stay ahead of your competition, brand is extremely important."	Branding	Brand

9) Developer Name: Mr. Mayur Shah; Group Name: Marathon Realty

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"In the future, the profitability will depend on the brand. The brand will play a very important role. The brand which will deliver, the brand which will give much more value add in the product will increase the profitability of a real estate business."	Branding	Brand
"Brand, acquisition of land, execution capability and timely delivery of the product is appreciated and understood by customer deep in his heart which I have experienced. Since 2007, our business strategy is Affordable housing and Acquisition of Land Banking in various suburbs in Mumbai."	Acquisition of Land	Execution Capability
Recently, the real estate industry is becoming a less satisfying industry because of so many policies and rules and regulations. 5 years ago, there was so much satisfaction in the real estate industry like interacting with the customers, developing strong stakeholder relations etc. Today there are so many uncertainties and unpredictability."	Regulatory Reforms	Regulatory Compliance Capability
"My father always used to say that temporary money is not your money in the real estate industry. It's your Cash Flow which you have to keep on building. People assume cash flow as their own money and they invest that somewhere else which can create a debt trap."	Cash Flow	Financial Factor
"The customer who is there in the market is not talking to the track record of the developer. You should constantly interact with your customers."	Customer Satisfaction	Organization

10) Developer Name: Mr. Niranjan Hiranandani; Group Name: Hiranandani Group

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"I constantly learn. I even learn today. If you want to do Project Management, then you have to learn. Keep learning. I am a project manager now. In last 5 years, I have learnt because of the Prime Minister's project and now I am one of the best project managers in India."	Proper Project Management	Organization
"Are you able to make changes in your business strategy which is so different in 5 years' time or 25 years' time that you don't even recognize what you were 25 years ago? 35 years ago IT in TATA Group was only 2%, today TCS contributes over 85% in company's overall Revenue. That's called diversifying yourself as per needs or requirement. "	Diversification	Pricing and Strategy
"I never believe in short-term investment. There is no project of mine which is short-term except for the Prime Minister's building. I do not have anything which is short-term. Anything less than 5 years, I do not touch. You cannot earn money in first year or first 5 years in real estate."	Long Term Investment	Pricing and Strategy
"Among 50 different keys in real estate Volume is also one key to grow. That is why I am increasing my volume because I know we won't have margins."	Volume Business	Pricing and Strategy
"Competition is the best thing that you can have in the market. No industry can do well without competition. Any industry which does not have competition will die."	Competition	Organization

11) Developer Name: Mr. Boman Irani; Group Name: Rustomjee Builders

INTERVIEW QUOTES	FOCUSED CODES	CATEGORIES
"Building a brand is very important. But it's not an overnight process. It requires consistency in what you do. And once the brand is built, maintaining that position is even more important."	Branding	Brand
"Customer is your only Savior**.** You should work keeping customer centricity at centre stage."	Customer Satisfaction	Organization
"People had great faith and trust in Parsis. So, it was my responsibility to maintain that trust. There is nothing more important than Trust. It can take a life time, even several generations to build trust and only a moment to lose it."	Trustworthiness	Organization
"We need to predict the future just like the automobile manufacturers do. They bring in the technology which is not needed at that point of time but ultimately it becomes hygiene. In the same way, we need to predict the future of our industry."	Technological Innovation	Pricing and Strategy
"More the Competition. Better chance of making money. For e.g. Zaveri Bazaar, Bandra Link Road, etc wherever there are same shops in one area you get huge number of people coming in."	Competition	Organization
"If I could I would only prefer Long-Term investment but I feel I am still not up to that level so I do Short-Term business but honestly, I would say long-term business is best for growth in real estate."	Long Term Investment	Pricing and Strategy

Focused Codes & Initial Codes Summary

The Focused codes and Initial codes identified from each interview are summarized in the below tables

Important Codes Identified after the Interview – Developer 1

- Developer Name: Mr. Mofatraj Munot. Group Name: Kalpataru Group.
- Summary: Interview specified 34 codes in total among them 7 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes
Building Internal Capability	Learning from everyone	Lust to do things better	Office should be better than residence
Hoonuring Commitments	Curiosity	Desire to excel	Human respect
Customer Relationship Management (CRM)	Inquisitiveness	Risk taking	Timely execution
Preventing Collateral Damage	Self-learning	Not being orthodox	Owner's mind-set very important
Transparency and Awareness	Not taking things at face value	Always looking at a larger picture	Treating the employees with respect
Diversification	Wanting to validate	Taking decision after careful thinking	Making decisions that matter
Product Strategy	Being ethical	Not wavering after taking decision	Sustainable Growth. No overbuilding.
	Not being JUGAADU	Strong Influence of wife, mother, family to be ethical	Entering uncharted territory
	Not doing the wrong things	Not taking the easy way out	Not lying

Important Codes Identified after the Interview - Developer 2

- Developer Name: Mr. Rajni Ajmera; Group Name: Ajmera Realty.
- Summary: Interview specified 31 codes in total among them 8 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes
Sustained Growth	Risk taking	Being happy with reasonable profit	Tie up with different financial stakeholders essential
Customer Satisfaction	New insights by meeting and talking with people from industry	Having proper systems in place	Not stopping the work due to no sales
Volume Business	Learning everything in life from problems	Building quality projects	Having periodical audits and review
Proper Approvals	Cycles in business - Positive & Negative	Not doing illegal work	Good training system
Timely Execution of Projects	Not copying others	Setting milestones	Timely possession
Diversification	Not bothering with other people's thinking	Continuous progress	Maintaining consistent sales
Transparency and Awareness	Giving value to the customers	Timely Completion of the projects	Roles and responsibilities of everyone properly defined
Acquisition of Land	Proper decision making	Trim and lean organization	

Important Codes Identified after the Interview – Developer 3

- Developer Name: Mr. Deepak Goradia; Group Name: Dosti Realty.
- Summary: Interview specified 29 codes in total among them 4 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Market Dynamics	Investing profits or surplus money in buying the land or new properties	Friendship with all the stakeholders like customers, vendors, landowners, all government agencies, approving, sanctioning team, bankers, consultants, professionals.	Profitability measured by balance sheet	Fire in the belly
Branding	Comparing one with the other leaders of the industry/competition	Completing the projects on time	Balance sheet should show positive numbers	Financial stability essential for profitability
Regulatory Reforms	Learning from others	Fulfilling the commitment to the customers	All verticals of the organization should work efficiently and be in sync with each other	Transparent only to the extent that it is digestable by others
Trustworthiness	Learning - A continuous process	Concentrating on your strength	Local challenges and ground reality affect profitability	Ethics
	Adopting new technologies in construction, marketing, digital, CRM	Finding a solution to your problem. No outsider can help you	Having monthly review system	
	The real estate industry dictated by buyers	Organization should be impersonal	One time customer, no repetitive customers in the real estate industry	
	Increased customer awareness	Leaders should not micromanage	Sales and marketing also affects profitability	

Important Codes Identified after the Interview – Developer 4

- Developer Name: Mr. Sukhraj Nahar; Group Name: Nahar Group.
- Summary: Interview specified 26 codes in total among them 4 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes
Standard Operating Procedure	No hero in the real estate industry	Working only with checklist	Detailed office manual where everything is explained
Customer Centricity	Everything is temporary in the real estate industry	Supply is more, Demand is less in the real estate industry	Comprehensive Alert System
Maintaining Ethical Standards	Meeting every customers on Sunday	Every day is a challenge	Buying the plot and acquisition of land done by the CEO
Corporate Social Responsibility (CSR)	Focus on quality	Facing temporary problems necessary for survival in the real estate industry (Recession is temporary)	The CEO of this organization only look at things that are complicated or important
	Work with honesty	Completing the projects on time	Future bleak in the real estate industry
	No fraud	Time management	15-85% - Housing Loan Scheme in collaboration with HDFC
	Never selling apartments without approval	Proper Time Management	
	Learning from everyone	Brand and Trustworthiness	

Important Codes Identified after the Interview – Developer 5

- Developer Name: Mr. Ramesh Bijlani; Group Name: Supreme Universal.
- Summary: Interview specified 24 codes in total among them 5 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Cash Flow	Government challenges affect profitability	Acquire the right land at right prices and right timing	Protecting the family wealth	Governmental Road Blocks
Timely Execution of Projects	Cost Variation	Do not borrow for a long-term	Redevelopment - Least risk	
Risk Taking Ability	Short term investment	Mistakes - Developers want to outbid other developers	Pricing - Dependent on market conditions (Cannot always demand your price, compromising on your pricing)	
Branding	Return on Investment	Delivery important	Adding 10% extra to the cost	
Regulatory Reforms	Net return on equity	Start any project only after getting the approvals	Conservative and cautious (Not borrow money without thinking)	
	Transparency important	Selling a big challenge	Customer Satisfaction	

Important Codes Identified after the Interview – Developer 6

- Developer Name: Mr. Vivek Oberoi; Group Name: Oberoi Realty.
- Summary: Interview specified 31 codes in total among them 3 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Internal Rate of Return (IRR)	Profit is like water; Cash flow is oxygen (You can live without water for few days, but cannot live without oxygen)	Everyone is flawed, learning the best qualities from everyone	Challenges - External and Internal	Residential real estate - Analogy to Circus
Cash Flow	Oberoi Bubble (Building all the amenities and necessities inside the complex, so that customers do not feel the need to venture out)	Aim to be best version of oneself. Never try to be different. Why be someone else?	Cannot control external conditions (Market Sentiment, Growth rate, Recession, Commodity prices, etc.)	Profit a by-product of good and ethical work
Incremental Innovation	Equity IRR	Inefficiency plaguing the real estate sector, Elementary Mistakes, Living in the past	Create a great product, good brand	Real Estate - A Tough Industry
	Competition - Complement and Compete	Not a fan of Democracy. Implement the democracy to elect the best person and then let that best person to lead and take decision. Do not democratize the decision	Penny wise Pound foolish	Clear title
	Cash Surplus Company	EPS of the customer (Average Promoter Score)	Profitability - Hardcore Numbers, Order Book, Balance Sheet, Share Price	Size of the company helps in profitability
	Stir the pot daily	Word of mouth publicity important	Timely Completion	No over ambition
	Break everything into small pieces	Timely Approval	Location Important	Customer Satisfaction

Important Codes Identified after the Interview – Developer 7

- Developer Name: Mr. Abhishekh Lodha; Group Name: Lodha Group.
- Summary: Interview specified 41 codes in total among them 5 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes
Return on Time Invested (ROTI)	Work Hard	Brand & Trustworthiness	Diversification
Sustained Growth	Think Big	Professionalism	Supply and Demand plaguing the real estate industry (Oversupply, demand is less)
Technological Innovation	Focus on the detail	Humility in dealing with the customers	High Interest Rate
Corporate Social Responsibility	Focus on Delivery	Understanding your brand	Sluggish Economy
Economic Cycle	Timely Delivery	Ability to attract and retain talent	Profit essential
	Scalable organization	Projects have to start and end at the right time	Uniformed External Ecosystem
	Learning from others, learning from your industry - DLF, Prestige, Shobha, Kalpataru)	Necessary to have local knowledge	Higher Equity makes a difference
	Mentors - Dad, Financial Mentors, Alok Nanda, Sunil Gautam, TOI Group	Marketing - Very Important	Figure out factors that makes the project unsuccessful
	Disinflation	Suppliers/no of players are reducing	Customer Focus
	People postpone buying decision	Profitability - Closely linked to economic cycle, size of the project, cycle time of the project	In the real estate industry, correcting your mistake is not easy
	Lot of pain in the next 18 months	Pricing Power - Dependent on brand & Demand-Supply	Investment Horizon - Medium Term Investment for 3-5 years
	Mistakes the real estate developer makes - Focusing too much on approval, lack of focus and understanding of the customers	Long Term View: Excellent view, Interest rates will come down, No of players will reduce	Long Term View: Excellent view, Interest rates will come down, No of players will reduce

Important Codes Identified after the Interview – Developer 8

- Developer Name: Mr. Pravin Doshi; Group Name: Acme Housing
- Summary: Interview specified 19 codes in total among them 4 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes
Real Estate Account Management (Proper Account Management	Strong PR essential in the real estate industry	Long Term Profitability: Depends on the satisfaction of the customer, the reputation of the developer, the number of people working in the organization and the Actual Profit you are getting	Goodwill
Customer Satisfaction	Need to have a Split Personality - Should be able to deal with ordinary people like laborers, employees as well as VIP's	People are not transparent and straight forward in the real estate industry	Efficient use of land
Timely Execution of Projects	Cannot take anything for granted	Corruption – A Big Challenge	No Entry Barrier in the real estate industry
Branding	In real estate industry, the top is very heavy. The boss or the CEO looks at everything	Indian Judicial System too slow, complex and costly	No Accountability
	Keeping track of small as well as big things	Calculating your losses per hour essential	Cash flow

Important Codes Identified after the Interview – Developer 9

- Developer Name: Mr. Mayur Shah; Group Name: Marathon Realty
- Summary: Interview specified 29 codes in total among them 5 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Brand Building	Sustained Growth	Credibility	Do not play with the government	Profitability and Growth – Marry both
Acquisition of Land	Continuous Innovation & Regular Customer Interaction	Turnover	Demonetization, RERA, GST, NBFC crisis	Constantly interacting with your customers
Regulatory Reforms	Not dependent on contractors	Temporary money is not your money	Borrowing money leading to a debt trap	
Cash Flow	Buying land with financing risky	IRR	Future infrastructure connectivity of MMR like METRO rails will affect profitability	
Customer Satisfaction	Anticipate all the risks beforehand and mitigate it	Brand	Long-term view of the real estate industry: Bright	
	Have a 5 year plan	Unanticipated cost burden	Common Mistakes: Following the crowd and trend, missing calculating the total cost	
	Technological Innovation	Competition kills the profitability	Execution Capability	

Important Codes Identified after the Interview – Developer 10

- Developer Name: Mr. Niranjan Hiranandani; Group Name: Hiranandani Realty
- Summary: Interview specified 29 codes in total among them 5 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Proper Project Management	Focus on whatever you are doing	Cost of development affect Profitability	What you are doing every day is it better than what you were doing yesterday? If you are doing better today than what you were doing 5 years ago, you should be happy	Competition - Best thing in the real estate industry. No industry will survive without competition
Diversification	Focus on anything that is not working	Overheads affect Profitability	Consistently delivering quality products	There is no one key or factor that affects profitability in the real estate industry. There are 50 things in the real estate industry and you have to be alert on all the 50 things to be successful.
Long-Term Investment	Always keep learning. There is no end to learning	Sales affect Profitability	Last 5 years – Reduced the cost, doubled the speed of the construction work, improved quality, improved sales, re-adjusted everything, reduced the engineering staff by 50% and doubled the output. Did 2 times the output with half the engineering team	People want the money in the first year or in the first 5 years. You cannot make money in the first five years in the real estate sector.
Competition	Quality	The speed of sales affect Profitability	"Are you able to make changes in yourself to do business which is so different in 5 years time or 25 years time that you don't even recognize what you were 25 years ago?"	
Volume Business	Profitability - Balance Sheets & Profit-Loss Accounts	Credibility	Mentors - Dr Maker, GL Raheja, Lokhandwala, Dada J.P. Vaswani, Narendra Modi, My father	
	Cost of land affect Profitability	Transparency – Important	Deep pockets does not affect profitability	
	Marketing	Other real estate developers running after easy money	Future - Low Cost Housing; Volume - Key in Low Cost Housing	

Important Codes Identified after the Interview – Developer 11

- Developer Name: Mr. Boman Irani; Group Name: Rustomjee
- Summary: Interview specified 30 codes in total among them 6 are identified as Focused Codes and others are mentioned as initial codes in the table below.

Focused Codes	Initial Codes	Initial Codes	Initial Codes	Initial Codes
Branding	Observant	Never took NO for an answer	We are not able to make quick decisions	Learn to cut your losses
Customer Satisfaction	Cash-flow	If you decide to do the right thing, the whole world aligns with you.	Learnt many a lesson about life and business from the school of hard knocks	Your only saviour is your customer. Listen to and always focus on your customers
Trustworthiness	Time, Capital Employed	Learned to face all my problems head on	Never tried to follow the herd	Bad Execution, Greed, Bad Market, Cost of Money, High cost of FSI
Competition	Money - The most expendable thing	There is nothing more important than Trust	No pleasure in slapping others	
Technological Innovation	Buy high, Sell low	Most of the challenges in the real estate industry are outside our realm of influence.	Never took any short term decisions	
Long Term Investment	Find someone better than you to do the job you had been doing till yesterday so that you can do the job of today	Don't let short-term thinking undermine long-term success	Should never stop learning. It is the only way to grow, innovate and improve your skills	
	Open to taking as well as giving suggestions	The real estate market in India is currently plagued with Complacency	Standard Operating Procedure (SOPs)	

Focused Codes - Tubular Chart

Developer Name	Focused Codes	Categories
Kalpataru Group	Building Internal Capability	Execution Capability
	Honouring Commitments	Execution Capability
	Customer Relationship Management	Organization
	Preventing Collateral Damage	Organization
	Transparency and Awareness	Organization
	Diversification	Pricing and Strategy
	Product Strategy	Pricing and Strategy
Ajmera Realty	Customer Satisfaction	Organization
	Sustained Growth	Organization
	Volume Business	Pricing and Strategy
	Proper Approvals	Regulatory Compliance Capability
	Timely Execution	Execution Capability
	Diversification	Pricing and Strategy
	Transparency and Awareness	Organization
	Acquisition of Land	Execution Capability
Dosti Realty	Market Dynamics	Pricing and Strategy
	Regulatory Reforms	Regulatory Compliance Capability
	Branding	Brand
	Trustworthiness	Organization
Nahar Group	Standard Operating Procedure	Execution Capability
	Customer Centricity	Organization

	Maintaining Ethical Standards	**Organization**
	Corporate Social Responsibilities	**Organization**
Supreme Universal	**Cash Flow**	**Financial Factor**
	Timely Execution of Projects	**Execution Capability**
	Risk Taking Ability	**Execution Capability**
	Branding	**Brand**
	Regulatory Reforms	**Regulatory Compliance Capability**
Oberoi Realty	**Incremental Innovation**	**Execution Capability**
	Cash Flow	**Financial Factor**
	Internal Rate of Return	**Financial Factor**
Lodha Group	**Return on Time Investment**	**Execution Capability**
	Sustained Growth	**Organization**
	Technological Innovation	**Pricing and Strategy**
	Corporate Social Responsibilities	**Organization**
	Economic Cycle	**Pricing and Strategy**
Acme Housing	**Proper Account Management**	**Organization**
	Customer Satisfaction	**Organization**
	Timely Execution of Project	**Execution Capability**
	Brand Equity	**Brand**
Marathon Realty	**Branding**	**Brand**
	Acquisition of Land	**Execution Capability**
	Regulatory Reforms	**Regulatory Compliance Capability**
	Cash Flow	**Financial Factor**

	Customer Satisfaction	**Organization**
Hiranandani Group	**Proper Project Management**	**Organization**
	Diversification	**Pricing and Strategy**
	Long Term Investment	**Pricing and Strategy**
	Volume Business	**Pricing and Strategy**
	Competition	**Organization**
Rustomjee Builders	**Branding**	**Brand**
	Customer Satisfaction	**Organization**
	Trustworthiness	**Organization**
	Technological Innovation	**Pricing and Strategy**
	Competition	**Organization**
	Long Term Investment	**Pricing and Strategy**

The Categories - Organization, Brand, Regulatory Compliance Capability, Pricing & Strategy, Financial Factors & Execution Capability were derived from the in-depth interviews conducted with the Founders and Promoters (Visionaries) of the 11 top real estate development companies in Mumbai and the Categories - Capability Building, Stakeholder Partnership were derived from the Analysis of Questionnaires with Managing Directors, Chairman, Vice President, CEO, Managing Partners and Partners (Practitioners)

Keyword Findings – Tubular Chart

List of Interviews Conducted and the Profitability Factors Identified												
Profitability Factors	Kalpataru Group	Ajmera Realty	Dosti Realty	Nahar Builders	Supreme Universal	Oberoi Realty	Lodha Group	Acme Housing	Marathon Realty	Hiranandani Group	Rustomjee	Majority of Results
Branding			Y		Y			Y	Y		Y	5
Customer Satisfaction		Y						Y	Y		Y	4
Cash Flow					Y	Y			Y			3
Diversification	Y	Y								Y		3
Regulatory Reforms			Y		Y				Y			3
Timely Execution of Projects		Y			Y			Y				3
Sustained Growth		Y					Y					2
Trust Worthiness			Y								Y	2
Volume Business		Y								Y		2
Competition										Y	Y	2
Long Term Investment										Y	Y	2
Corporate Social Responsibility (CSR)				Y			Y					2
Technological Innovation							Y				Y	2
Transparency and Awarness	Y	Y										2
Acquisition of Land		Y							Y			2
Risk Taking Ability					Y							1
Market Dynamics			Y									1
Product Strategy	Y											1
Preventing Collateral Damage	Y											1
Customer Relationship Management	Y											1
Honouring Commitments	Y											1
Building Internal Capability of Organization	Y											1
Incremental Innovation						Y						1
Customer Centricity				Y								1
Maintaining Ethical Standards				Y								1
Proper Account Management								Y				1
Economic Cycle							Y					1
Return on Time Investment							Y					1
Internal Rate of Return (IRR)						Y						1
Proper Approvals		Y										1
Standard Operating Procedure (SOP)				Y								1
Proper Project Management										Y		1

Financial Overview - Summary

		FY 2016-17						FY 2017-18					
							(Amount in Rs Lakhs)						*(Amount in Rs Lakhs)*
Sr. No.	Name of the Developer	Revenue	Equity	Liablities	Assets	Expenses	Net Profit	Revenue	Equity	Liablities	Assets	Expenses	Net Profit
1	Kalpataru Group												
2	Ajmera Realty	29196.33	46933.46	41655.4	141640.18	20874.24	6609.69	38682.88	52743.03	26518.37	153600.4	28034.74	8444.88
3	Dosti Group	40960.21	NA	49148.34	79338.85	31547.9	6620.23	42945.87	NA	39585.27	73255.28	28813.59	9484.34
4	Nahar Builders	26099.5	NA	50139.02	61195.34	25016.11	1372.71	14148.53	NA	39412.52	88659.59	13472.81	338.3
5	Supreme Universal	27.7	NA	6.43	38.99	0.34	NA	NA	NA	3.4	2976.78	0.69	-0.69
6	Oberoi Realty	94919.35	572596.05	272817.9	845413.91	47306.14	32085.49	108334.2	609237.4	413235.3	1022473	49240.34	41795.4
7	Lodha Group	782101	448098.08	3343934	4111823.3	683225	57876	978695	519736.8	3592086	3792033	860352	79493
8	Acme Housing	32072.02	NA	23887.25	53671.74	32064.68	-5.11	28535.52		26137.88	54074.5	30922.3	-1736.78
9	Marathon Realty	24273.88	67597.85	1953.23	33452.42	13675.2	8796	6992.83	54951.16	33573.94	69551.08	3140.02	3091
10	Hiranandani Group	72316.24	NA	230711.5	238649.39	53975.03	11138.96	1837.38	NA	9937.16	17580.13	NA	-297.28
11	Rustomjee (Keystone Realtors)												

Rich List of Mumbai based Real Estate Developers (Residential)

Table contains the list of developers which were interviewed for the collection of data for the qualitative analysis and their rankings as per their net wealth.

Out of 11 developers interviewed, the data found on the public domain was of 8 developers listed below.

Rank	Name	Company	Wealth in INR (in Crores)
1	Mofatraj Munot	Kalpataru Group	2,380
2	Rajnikant Ajmera and Family	Ajmera Realty and Infra India	420
3	Deepak Goradia and Family	Dosti Group	490
4	Vikas Oberoi	Oberoi Realty	10,980
5	Father - Mangal Prabhat Lodha; Son - Abhishek Lodha	Lodha Group	27,150
6	Niranjan Hiranandani	Hiranandani Group	7,880
7	Ramniklal Shah and Family, Son - Mayur Shah	Marathon Realty	500
8	Boman Irani	Keystone Realtors	1,150

Source: Grohe Hurun India Real Estate Rich List 2018 – Top 100

https://www.hurunindia.net/grohe-hurun-real-estate-rich-list-2

4.2: Quantitative Data Analysis

4.2.1 Research Methodology

Qualitative research explored broad issues relating to the profitability of real estate organizations in Mumbai but to gain a deeper understanding and perceptions of various real estate developers towards profitability, a quantitative analysis was conducted.

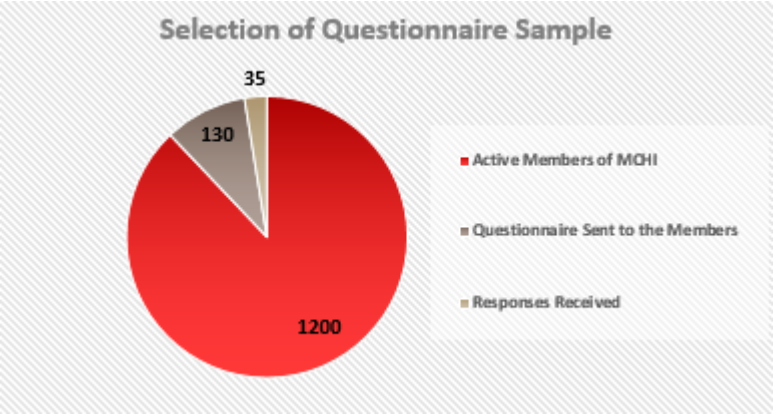
Quantitative research involved collection of statistical data from founders, Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners, Partners and other C-Level executives of well-known real estate organizations based in Mumbai.

The data collection techniques deployed included survey questionnaires sent via emails and mobile application to 130 executives mentioned above followed by the remainder message sent a couple of time. A total of 35 surveys were successfully completed after the responses received.

Quantitative Study helped in collecting insights of various factors and their relative importance on the profitability of real estate business.

4.2.2 Selection of Sample

A database of MCHI-CREDAI was scrutinized thoroughly to get an appropriate set of audience. Out of 1300 members in MCHI, 130 active members (further notified as promoters) were identified based on their proportion of business and recent activity in real estate Mumbai. Questionnaires were then sent to all the 130 active promoters out of which the complete responses received were 35.



The respondents were further broken down into various categories like Age of the respondents, Designation Details, Details of the company, Company's year of Existence, Etc. to ensure as broad a spectrum of opinions and attitudes as possible.

The surveys were conducted between April 2019 to May 2019.

4.2.3 Questionnaire Patterns and Types

The questionnaire started with Demographic Questions to understand the perspective of respondents and to see how the responses vary between Age group, Qualification, Designation, Company Inception, Work Experience, etc.

Most of the questions were mainly in the form of Likert Scale (1 to 10) followed by Ranking Type and Multiple Choice Questions.

Following are the questions asked in the Survey

Format of Questions Asked

1. Name

2. Age

Answer Choices

2.1 25-34

2.2 35-44

2.3 45-54

2.4 55-64

2.5 65+

3. Designation

4. Educational Qualification

5. Company Name

6. Company Inception

7. How long have you been working in this company?

8. Part I: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you evaluate the importance of the following factors on the profitability of residential real estate in Mumbai?

Factors provided to rate upon

8.1 Project Management

8.2 Design Capability

8.3 Sales & Marketing Capability

8.4 Brand

8.5 Regulatory Compliance Ability

8.6 Product & Size

8.7 Stakeholder Partnership

8.8 Trustworthy Partners

9. Part II: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you evaluate the importance of the following factors on the profitability of residential real estate in Mumbai?

Factors provided to rate upon

9.1 Pricing

9.2 Employee Engagement

9.3 Loyal Customers

9.4 Customer Satisfaction

9.5 Quality

9.6 On-Time Completion

9.7 Acquisition of Land

9.8 Sustained Growth

10. Brand Equity: Brand Equity includes Brand Image, Brand Identity, Brand Awareness, Customer Perception, Brand Loyalty, and Brand Association. On a scale of 1-10, where 1 being 'Not at all important' and 10 being 'Very important', how would you rate the level of importance of the following attributes of Brand Equity on the profitability of a real estate company.

Brand Attributes provided to rate upon

10.1 Brand Image

10.2 Brand Identity

10.3 Brand Awareness

10.4 Customer Perception

10.5 Brand Loyalty

10.6 Brand Association

11. If given a choice, will you go for Profitability or Growth?

Answer Choices

11.1 Profitability

11.2 Growth

11.3 Give Reasons for the Same

12. Has your organization earned consistent profits in the last 5 years?

Answer Choices

12.1 Yes

12.2 No

13. Capability Building: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', please indicate the importance of the following attributes on the profitability of a real estate company.

Answer Choices

13.1 Talent Management

13.2 Leadership Development

13.3 Performance Management and Rewards

14. Sales Price: What are the factors which affect the sales price? On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very important', please rate the importance of the following factors on the sales price.

Answer Choices

14.1 Location

14.2 Brand Equity

14.3 Economic Indicators

14.4 Terms of Payment

14.5 Amenities

14.6 Demand & Supply

15. Stakeholder Partnerships: How do you evaluate the importance of the following stakeholder partnership type on the profitability of a real estate company? You may use any number between 1 and 10 where a rating of "1" means "Not at all important" and a rating of "10" means "Very Important."

Answer Choices

15.1 Joint Venture

15.2 Development & Management(D&M) Model

15.3 Revenue Sharing

15.4 Long Term Partnership

16. Access to Land Resources: Please evaluate the importance of the following statement: Access to land resources has a bearing on the profitability of a real estate company. You may use any number between 1 and 10 where a rating of "1" means "Not at all important" and a rating of "10" means "Very Important."

17. Innovation Capability: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you rate Innovation as a factor that impacts the profitability of a real estate company?

18. Government Policies: The economic reforms by the government such as GST, Demonetization and other policies such as RERA have had a positive impact on the real estate industry. Please rate how much you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."

19. Mention three competitors of yours?

20. In connection with the above question, how would you evaluate the importance of the following statement: The extent of competition in the market affects the pricing in the real estate industry? You may use any number between 1 and 10 where a rating of "1" means "Not at all important" and a rating of "10" means "Very Important."

21. Legacy/History: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', please rate the importance of legacy/ history of the firm on the profitability of the company.

22. Multiple Product: Do you believe that the real estate companies that focus on a particular product (For ex: Only Residential) rather than focusing on multiple products (Residential, Commercial, etc.) is more profitable in the long term? Please rate how strongly you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."

23. The following section presents different types of real estate development. Please allocate 100 points between the types below in such a way that most points are given to the type of development you feel has the highest potential of gaining profitability in your organization. More points you will assign will indicate your relative preference for that type. The total of all the points should be equal to 100. If you feel that a type is important, then please assign 0 for that type. An example is shared below.

Answer Choices

23.1 Industrial

23.2 Retail

23.3 Residential

23.4 Office

23.5 Hospitality

23.6 Others

24. Creditworthiness: Creditworthiness is the extent to which a person or company is considered suitable to receive financial credit, often based on their reliability in paying the money back in the past. Please evaluate the importance of the following statement: The creditworthiness of the organization has a bearing on the profitability of a real estate company. You may use any number between 1 and 10 where a rating of "1" means "Not at all important" and a rating of "10" means "Very Important."

25. Financial Factors: Please rank the following factors for measuring the profitability of a real estate company in order of importance from 1 to 4, where 1 is "Most Important" and 4 is "Least Important"

Answer Choices

25.1 Internal Rate of Return

25.2 Debt to Equity Ratio

25.3 Cash Flow

25.4 Current Ratio

26. Please mention the overall vision and outlook of your company in 2-3 sentences.

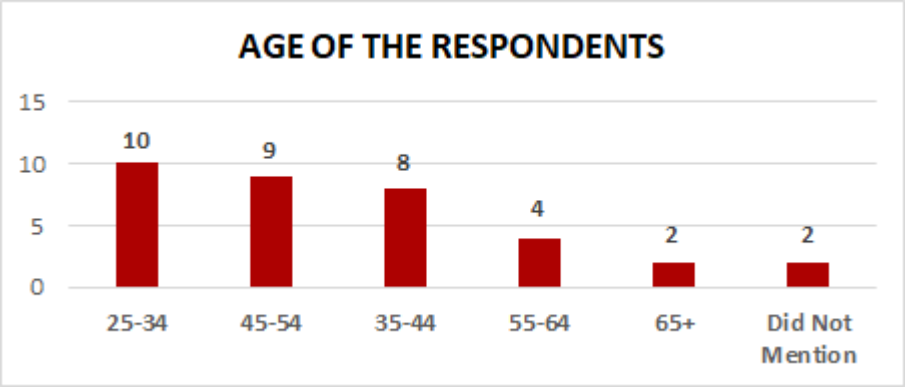
4.2.4 Individual Data Analysis

Data Analysis was performed using SPSS software generally used for conducting Statistical Analysis, Data Mining, Text Analytics and Data Collection. Descriptive statistics analysis was used to describe, show and summarise the data into meaningful ways, which allowed a simpler interpretation of the data. Descriptive statistics was useful to summarise the data using a tabulated description (tables) and statistical commentary (a discussion of the results). Frequency meter were also generated for the analysis.

Below is the individual analysis of answers obtained for each of the questions asked in the survey analysis.

4.2.4.1 Question 2: Age of the respondents

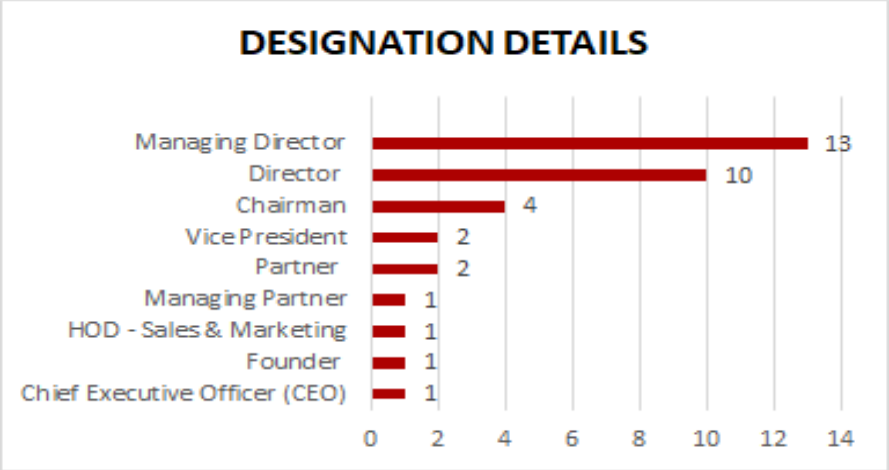
The respondents were asked to indicate their age groups. The findings are shown in the chart below



Most of the respondents (53%) were in between 25 to 44 years of age, followed by (25%) who were in between the age group of 45 to 54 years and (17%) were above 55 years of age. The remaining (5%) respondents did not mention their age. Hence the general anecdotal perception is that youngsters are taking responsibilities of managing business and swiftly leading their organizations.

4.2.4.2. Question 3: Designation

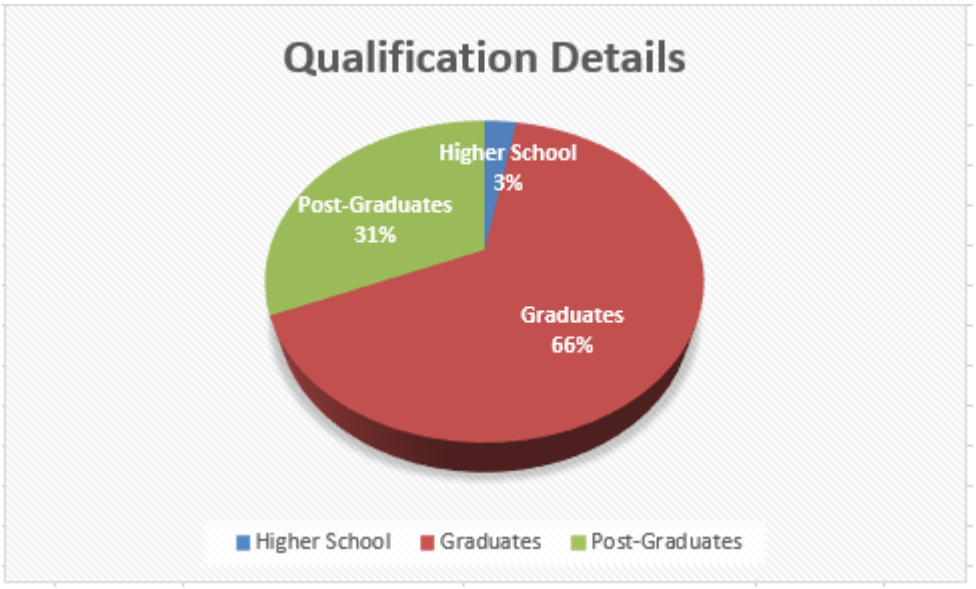
Respondents were asked to indicate their designation. The findings are given in the chart below.



Most of the participants in this survey were Managing Directors (13 Nos) and Directors (10 Nos). The position represents the highest ranking corporate or executive officer in a real estate company. They are in charge of the total management of an organisation. They are skilled and possess a high level of experience. Their opinions in this survey can be considered as focused and highly insightful indicating detailed and appropriate responses to conduct the analysis.

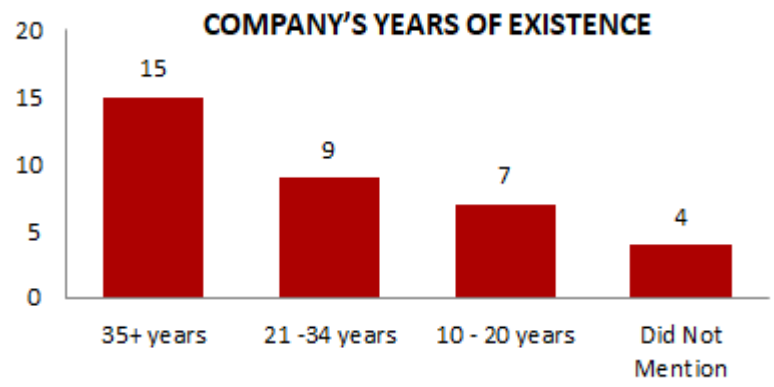
4.2.4.3 Question 4: Education Qualification

Respondents were asked to specify their Educational Qualification. The findings are given in the chart below



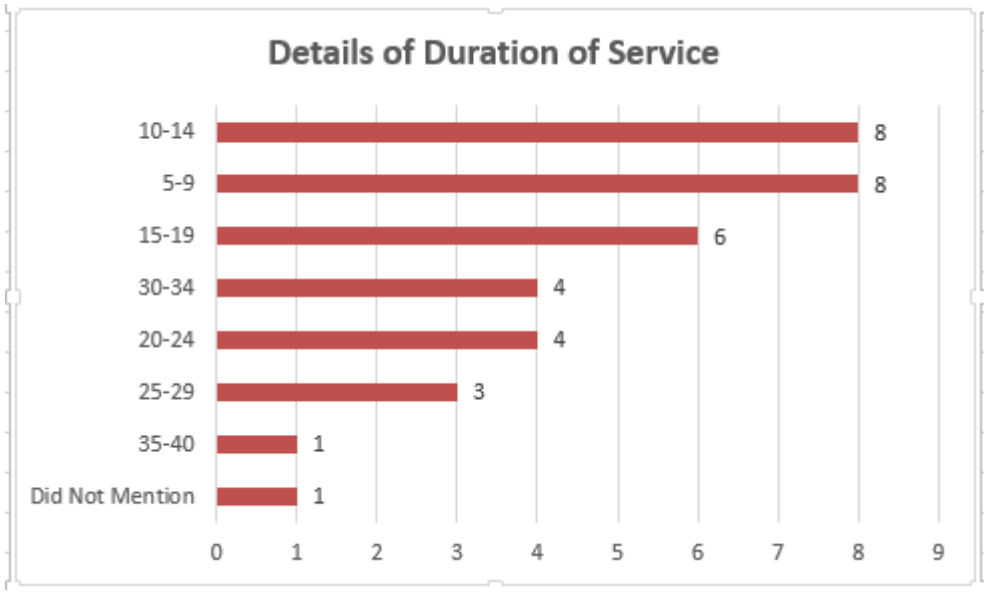
Findings reveal that, most of the promoters who replied are Graduates (66%), 31% are Post-Graduates and remaining 3% are High School Passed.

4.2.4.4. Question 6: Company year of Existence



Regarding the Company's profile, most of the companies (43%) are operating in real estate business for more than 35 years; (26%) companies are into business for 21 to 34 years and (20%) companies are into business for 10 to 20 years. (11%) responses did not respond. It states that most of the responses received were from the experienced group of developers based in Mumbai.

4.2.4.5. Question No 7: How long have you been Working in this Company



Findings reveal that (45%) of the respondents are part of the company from 5 to 14 years. (28%) of the respondents are part of the organization for 15 to 24 years. (20 %) of the respondents are in the same company for 25 to 34 years and 3% of the respondents are part of the company for more than 35 years.

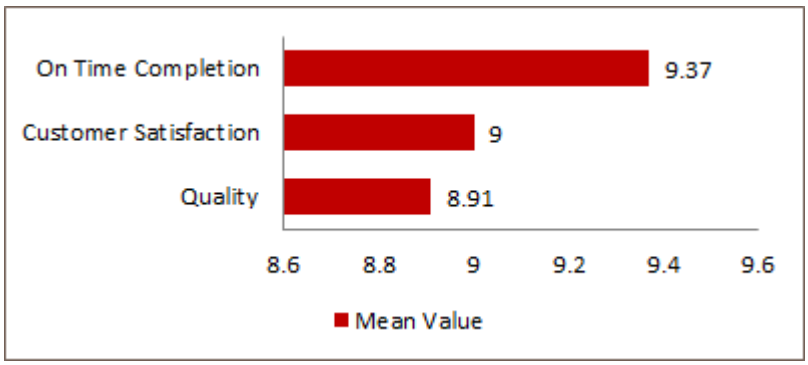
4.2.4.6 Question No 8 and 9 (Part I, Part II): On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you evaluate the importance of the following factors on the profitability of residential real estate in Mumbai?

1. Project Management	**9. Pricing**
2. Design Capability	**10. Employee Engagement**
3. Sales & Marketing Capability	**11. Loyal Customers**
4. Brand	**12. Customer Satisfaction**
5. Regulatory Compliance Ability	**13. Quality**
6. Product & Size	**14. On-Time Completion**
7. Stakeholder Partnership	**15. Acquisition of Land**
8. Trustworthy Partners	**16. Sustained Growth**

Descriptive Statistics

Factors	N	Minimum	Maximum	Mean	Std. Deviation
On Time Completion	35	7	10	9.37	1.003
Customer Satisfaction	35	6	10	9.00	1.163
Quality	35	6	10	8.91	1.095
Regulatory Compliance Ability	35	6	10	8.86	1.192
Trustworthy Partners	35	5	10	8.77	1.477
Product and Size	35	5	10	8.74	1.268
Acquisition of Land	35	2	10	8.69	1.811
Brand	35	5	10	8.54	1.421
Sales and Marketing Capability	35	5	10	8.51	1.442
Pricing	35	5	10	8.37	1.437
Project Management	35	4	10	8.26	1.559
Design Capability	35	4	10	7.91	1.337
Loyal Customers	35	3	10	7.86	1.927
Employee Engagement	35	4	10	7.71	1.708
Sustained Growth	35	3	10	7.46	2.020
Stakeholder Partnership	35	1	10	7.11	1.997
Valid N (listwise)	35				

Findings from descriptive statistics reveal that in order to gain profitability, majority of the developers prefer On Time Completion as a most important factor in real estate business followed by Customer Satisfaction and Quality of Product. Whereas, the least important factors having a very less impact on profitability according to the developers are Stakeholder Partnership, Sustained Growth and Employee Engagement.



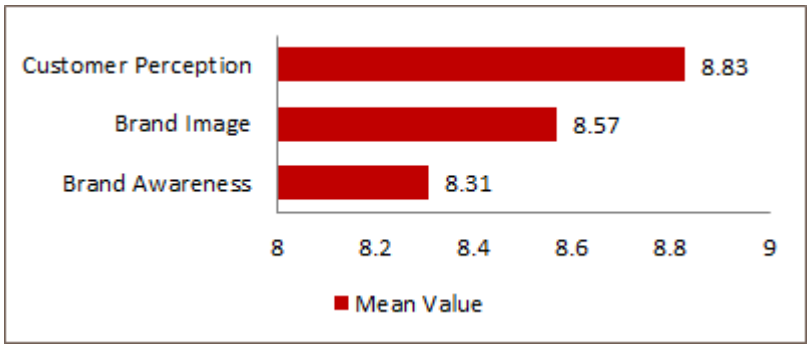
Since all real estate deals are done on a strict timeline, it's very important that real estate developers are good at time management right from the beginning of the construction process up to the sale of very last product. On time completion of projects is an extremely important factors that affects the profitability of real estate companies. Customer Satisfaction is yet another factor contributing to the success (Or Failure) of real estate business. Customer Satisfaction can be tracked down by using CSAT surveys which gives unsatisfied customers a convenient channel to voice their issues. Quality designed product also plays a key role in

gaining profitability for any organization. A real estate company should be able to provide customers a quality product to increase its reliability and ultimately strengthen brand value of the organization.

4.2.4.7 Question No 10: Brand Equity: Brand Equity includes Brand Image, Brand Identity, Brand Awareness, Customer Perception, Brand Loyalty, and Brand Association. On a scale of 1-10, where 1 being 'Not at all important' and 10 being 'Very important', how would you rate the level of importance of the following attributes of Brand Equity on the profitability of a real estate company.

Descriptive Statistics

Brand Attributes	N	Minimum	Maximum	Mean	Std. Deviation
Customer Perception	35	5	10	8.83	1.317
Brand Image	35	5	10	8.57	1.267
Brand Awareness	35	5	10	8.31	1.471
Brand Identity	35	6	10	8.26	1.094
Brand Loyalty	35	4	10	7.97	1.524
Brand Association	35	4	10	7.29	1.526
Valid N (listwise)	35				

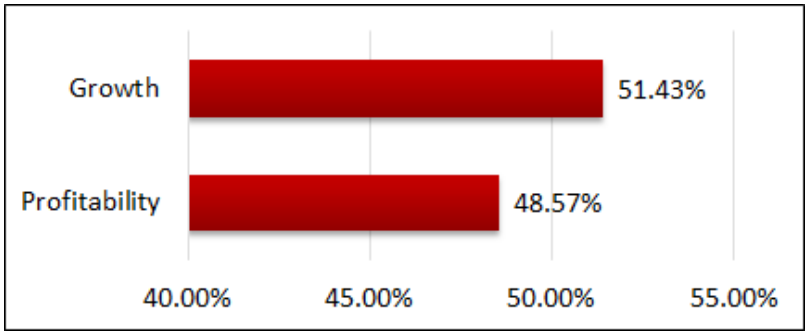


Findings reveal that Customer Perception (8.83) is the most important attribute affecting profitability of real estate organization followed by Brand Image (8.57), Brand Awareness (8.31), Brand Identity (8.26), Brand Loyalty (7.97) and Brand Association (7.29).

Customer Perception has been a very important factor in residential real estate for decades. Promoters are very much aware of the fact that profitability cannot be achieved unless they have managed to embrace all the knowledge in the field of customer behaviour. To achieve better brand image, promoters need to provide a quality product and a quality service to the consumers.

4.2.4.8 Question No 11: If given a choice, will you go for Profitability or Growth?

ANSWER CHOICES	Response Percentage	Number of Responses
Profitability	48.57%	17
Growth	51.43%	18
TOTAL		35



Results show that Growth and Profitability are almost equally preferred by the developers with growth having a slight edge over profitability. Few respondents believe that Growth ensures establishment of a big brand as well as recognition which can later derive premium for the products and enhance profitability. While few developers encouraging profitability mentioned it as a current need of the sector. Due to sudden changes in policy, many projects are yielding negative returns according to them. Hence before going for growth they say that it's very important to remain profitable.

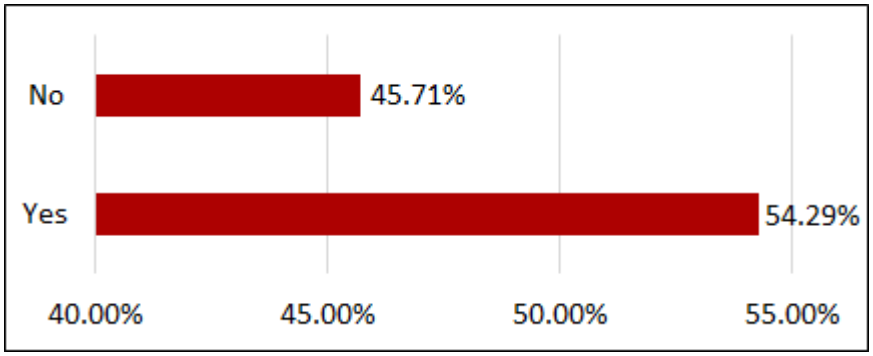
Below mentioned are the detail answers given by the respondents.

#	GIVE REASONS FOR THE SAME.	DATE
1	Profitability is a short term immediate gain, whereas growth is a long term gain that can give profitability over a longer period of time.	4/29/2019 2:44 PM
2	Over a Period of sustained growth, profitability can be achieved! Only going for profitability can result in low and slow growth and volumes which can result in profitability if there is a "Bull run". Hence sustained and achievable growth year on year is the best way to win in the long run!	4/27/2019 3:19 PM
3	As a company we prefer a long term sustainability over just profits	4/26/2019 9:51 PM
4	Cash rich company would sustain better	4/24/2019 1:39 PM
5	Sustainable growth is what I would specifically mention. The above choice largely depends upon one's personal, professional as well as organisational goals. My choice of 'Growth' ensures establishment of a big brand as well as recognition and will sooner or later derive a premium for my products and consequently lead to enhanced profitability.	4/23/2019 5:56 PM
6	In todays time in Real estate Sector key thing is to retain profitability. I have seen some projects actually yielding Negative due to chane of policy in between. Growth is essential but growth would come if we remain profitable.	4/22/2019 8:21 PM
7	Its hard to decide between the two generally , in each case based on the circumstances you would choose either of the 2 factors ... For example, if its premium housing , may chase profitability over growth , as the market size is not as big thus growth potential is low .. where as if its affordable housing / micro units , may chase growth over profitability as there is huge scope of growth in this segment	4/22/2019 10:09 AM
8	In Real Estate, unlike manufacturing there is no product cycle wherein an opportunity to mitigate costs is possible at regular intervals. growth without profitability could be a temporary strategy to scale up however the risks attached are too high. The risk reward ratio is skewed against the developer. There are ample cases which demonstrate that in the last 3-4 years companies who went aggressive looking for growth in the name of opportunity are under very high duress. Again a temporary strategy to overcome the immediate cash flow requirements etc maybe compelling to overlook profitability but growing without adequate margins entirely, a dooms day scenario is inevitable for the developer in the city of Mumbai.	4/21/2019 10:02 AM
9	Because in this industry every project the profit are important	4/20/2019 8:03 PM
10	If profits are not there how can we grow	4/20/2019 7:38 PM
11	I think operational positive cash flow ensures longevity and overall health of business. I think real estate development is essentially a localized business. Growth , beyond a point brings inefficiency.	4/19/2019 1:07 PM
12	Without profitability there is no growth.	4/19/2019 11:53 AM

13	Sustainable growth over time will compound to great value for the firm in the long run	4/19/2019 4:28 AM
14	Growth will lead to Brand awareness	4/19/2019 2:04 AM
15	Profit is a by-product if growth	4/18/2019 10:24 PM
16	1. Unease of obtaining approvals, 2. It's better to do smaller project with better profitability	4/18/2019 9:20 PM
17	Growth is must, once you acquire a certain level in any business profitability is not far away, taking into consideration good decision making for every business aspect and sustaining growth	4/18/2019 2:44 PM
18	A growing company helps you keep your brand alive both intrinsically (to keep the employees and stakeholders reassured & motivated) and extrinsically (so people always hear & know about your brand). That said, a modest profit should always be factored in your business plan else sustaining the projects in unfavourable times becomes extremely difficult.	4/17/2019 5:28 PM
19	Growth is successor of profitability while profitability may not be predecessor of Growth.	4/17/2019 3:14 PM
20	Growth is for long term , if we stay in market than we can earn profit growth and profit go hand in hand	4/17/2019 3:08 PM
21	Growth can mean growth in top line which doesn't necessarily result in profitability. And without sustained profitability no business can survive.	4/17/2019 2:50 PM
22	Sometimes profitability of the projects get affected due to sudden change in policies having retrospective effect, and even if the profitability goes down, the quality of the project doesn't have to suffer and overall Growth of the Company has to be kept in mind.	4/17/2019 12:26 PM
23	Indian real estate developers are not tuned to have a long term view , neither they have balance sheet expire / understanding / importance & hancebthey always look at profitability of each project v/s importance of growth While perceptively growth is critical but surely not at cost of profitability & hence they would do everthing (may not be in interest of growth) still take decisions with sole aim of profitability in mind & that too instinctively & not based on real time actual data	4/16/2019 10:11 AM
24	Broth without profit makes no sense. Case in point Jet airways.	4/15/2019 8:59 PM
25	Growth is long term and needs to be sustainable..... profitability is important but in long term perceptive, growth will supersede.	4/15/2019 6:06 PM
26	To survive and grow profit is a must. Also profit shld b reasonable, Reasonable in terms that we can sustain and can work Not unrealastic as of past. ie high margin. As we all have tasted blood if it now it becomes difficult but we need to b realstic	4/10/2019 7:42 PM
27	Profit is a by product of growth . If growth is there profit will automatically come	4/9/2019 9:09 PM

4.2.4.9 Question No 12: Has your organization earned consistent profits in the last 5 years?

ANSWER CHOICES	Response Percentage	Number of Responses
Yes	54.29%	19
No	45.71%	16
TOTAL		35



Close to half developers have stated that they have not earned consistent profits in the last 5 years. The percentage of companies earning profit is only 54.29%, very less for the industry which is one of the highest contributors to the Indian economy. The recent recession and

periodic regulatory changes done by the government of India have led the real estate industry to pass through turbulent times.

4.2.4.10 Question No 13: Capability Building: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', please indicate the importance of the following attributes on the profitability of a real estate company.

Descriptive Statistics

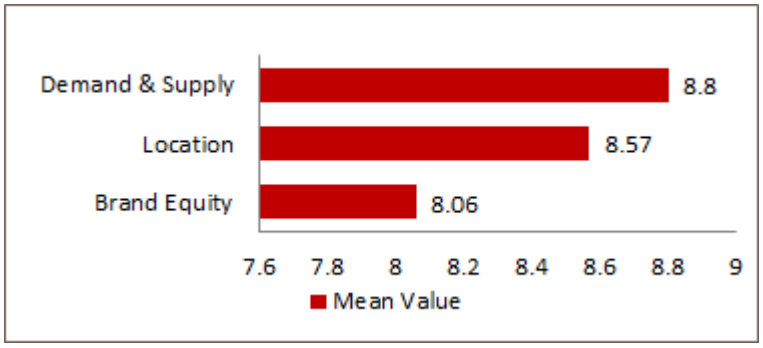
Capability Building Attributes	N	Minimum	Maximum	Mean	Std. Deviation
Leadership Development	35	5	10	8.40	1.376
Performance Management and Rewards	35	4	10	8.09	1.541
Talent Management	35	5	10	7.69	1.301
Valid N (listwise)	35				

Most of the developers state that in terms of Capability Building, the most important attributes that have influence on profitability are **Leadership Development (Mean Value: 8.4)** followed by **Performance management and rewards (Mean Value 8.09)** and lastly **Talent Management (Mean Value 7.69)**.

4.2.4.11 Question Number 14: Sales Price: What are the factors which affect the sales price? On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very important', please rate the importance of the following factors on the sales price.

Descriptive Statistics

Attributes of Sales Price	N	Minimum	Maximum	Mean	Std. Deviation
Demand and Supply	35	5	10	8.80	1.302
Location	35	5	10	8.57	1.399
Brand Equity	35	5	10	8.06	1.454
Economic Indicators	35	4	10	7.83	1.723
Amenities	35	5	10	7.69	1.491
Terms of Payment	35	5	10	7.69	1.409
Valid N (listwise)	35				



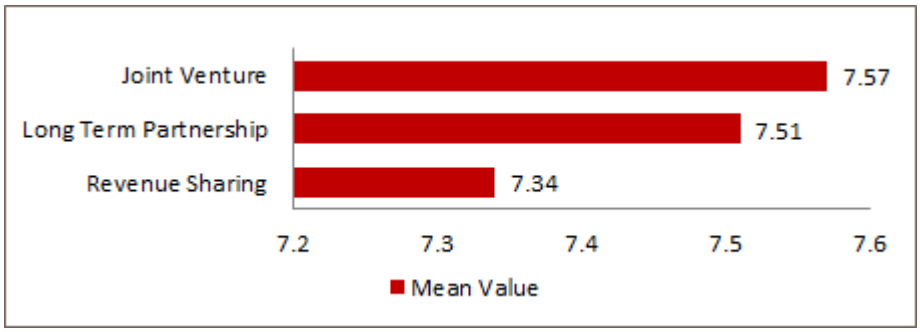
Findings reveal that **Demand and Supply (Mean Value 8.8), Location (Mean Value 8.57) and Brand Equity (Mean Value 8.06)** strongly affect the sales price in residential real estate while **Economic Indicators (Mean Value .83), Amenities (Mean Value 7.69) and Terms of Payment (Mean Value 7.69)** are considered factors that moderately affect the sales price.

Demand and Supply in real estate aren't easy to balance. Creating more saleable properties is a strenuous task for the promoters.

4.2.4.12 Question No 15: Stakeholder Partnerships: How do you evaluate the importance of the following stakeholder partnership type on the profitability of a real estate company? You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."

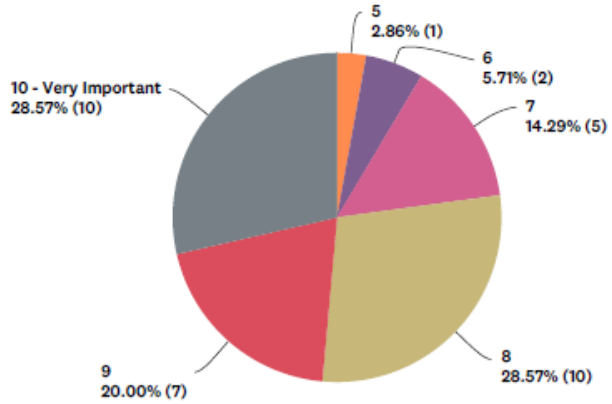
Descriptive Statistics

Types of Stakeholder Partnership	N	Minimum	Maximum	Mean	Std. Deviation
Joint Venture	35	3	10	7.57	1.803
Long Term Partnership	35	1	10	7.51	1.991
Revenue Sharing	35	3	10	7.34	1.846
Development and Management Model	35	3	10	7.06	2.014
Valid N (listwise)	35				



Most of the developers have stated **Joint Venture (7.57)** as a preferred type in doing Stakeholder Partnership followed by **Long Term Partnership (7.51)**, **Revenue Sharing (7.34)** and **Development and Management Model (7.06).**

4.2.4.13 Question No 16: Access to Land Resources: Please evaluate the importance of the following statement: Access to land resources has a bearing on the profitability of a real estate company.You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."



	1 - NOT AT ALL IMPORTANT (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - VERY IMPORTANT (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	0.00% 0	2.86% 1	5.71% 2	14.29% 5	28.57% 10	20.00% 7	28.57% 10	35	8.43

BASIC STATISTICS

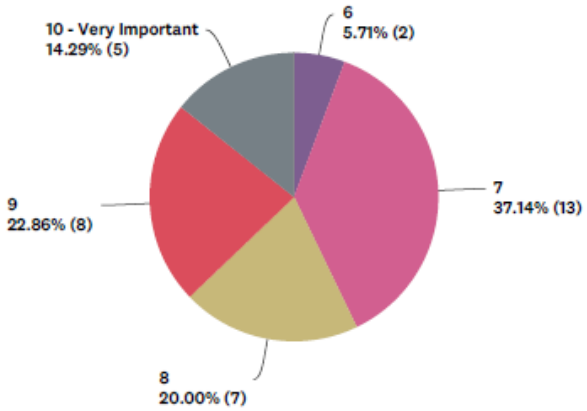
Minimum	Maximum	Median	Mean	Standard Deviation
5.00	10.00	8.00	8.43	1.34

Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
Access to Land Resources: Please evaluate the importance of the following statement: Access to land resources has a bearing on the profitability of a real estate company. You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."	35	5	10	8.43	1.357
Valid N (listwise)	35				

Land is a primary source of real estate development. Every piece of land has a different price, appreciation, and significance due to its location and size. Real estate Promoters who purchase land as a form of development are more than likely to benefit from great financial returns on their initial investment. Hence Access to Land has a strong bearing on the profitability of a real estate company.

4.2.4.14 Question No 17: Innovation Capability: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you rate Innovation as a factor that impacts the profitability of a real estate company?



	1 - NOT AT ALL IMPORTANT (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - VERY IMPORTANT (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	5.71% 2	37.14% 13	20.00% 7	22.86% 8	14.29% 5	35	8.03

BASIC STATISTICS

Minimum	Maximum	Median	Mean	Standard Deviation
6.00	10.00	8.00	8.03	1.18

Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
Innovation Capability: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', how would you rate Innovation as a factor that impacts the profitability of a real estate company?	35	6	10	8.03	1.200
Valid N (listwise)	35				

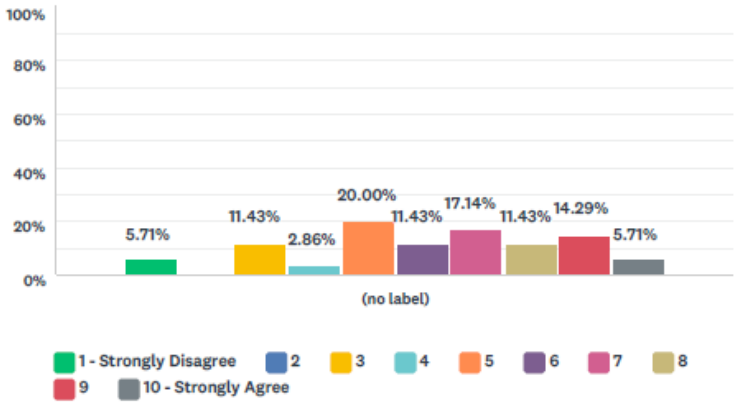
Innovation capability is the ability of a firm to transform an idea into something new which carries an economic value. It is through Innovation capabilities that enable firms to create value and stay competitive. Findings define that Innovation Capability has a strong impact on profitability of a real estate company.

4.2.4.15 Question No 18: Government Policies: The economic reforms by the government such as GST, Demonetization and other policies such as RERA have had a positive impact on the real estate industry. Please rate how much you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."

Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
Government Policies: The economic reforms by the government such as GST, Demonetization and other policies such as RERA have had a positive impact on the real estate industry. Please rate how much you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."	35	1	10	6.17	2.395
Valid N (listwise)	35				

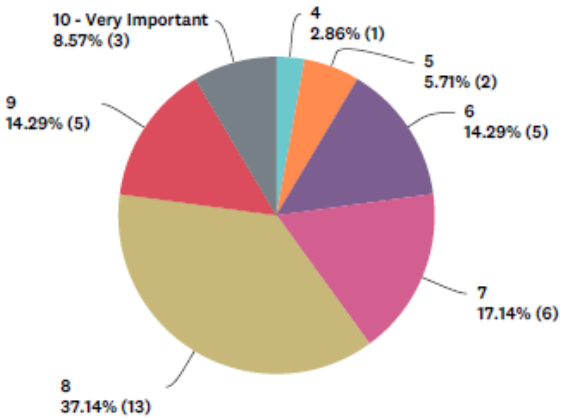
Indian government's various policy and reform initiatives over the last three years aimed at improving transparency and ease of doing business in real estate sector. However at the early stage of changes, real estate market seems to be moving at a snail's speed. Lot of developers were left in a puzzled situation and they restrained themselves from launching new projects. Thus, most of the real estate developers have mentioned government policies to moderately affect the profitability of the firm in a positive
manner.



	1 - STRONGLY DISAGREE (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - STRONGLY AGREE (10)	TOTAL	WEIGHT AVERA
(no label)	5.71% 2	0.00% 0	11.43% 4	2.86% 1	20.00% 7	11.43% 4	17.14% 6	11.43% 4	14.29% 5	5.71% 2	35	

BASIC STATISTICS				
Minimum	Maximum	Median	Mean	Standard Deviation
1.00	10.00	6.00	6.17	2.36

4.2.4.16 Question No 20: In connection with the above question, how would you evaluate the importance of the following statement: The extent of competition in the market affects the pricing in the real estate industry? You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."



	1 - NOT AT ALL IMPORTANT (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - VERY IMPORTANT (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	2.86% 1	5.71% 2	14.29% 5	17.14% 6	37.14% 13	14.29% 5	8.57% 3	35	7.57

BASIC STATISTICS

Minimum	Maximum	Median	Mean	Standard Deviation
4.00	10.00	8.00	7.57	1.42

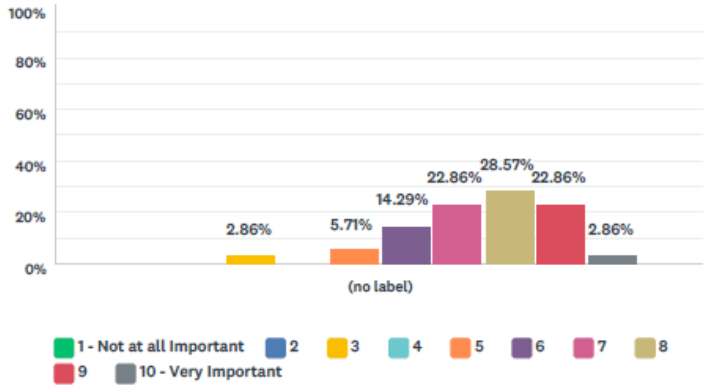
Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
In connection with the above question, how would you evaluate the importance of the following statement: The extent of competition in the market affects the pricing in the real estate industry. You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."	35	4	10	7.57	1.441
Valid N (listwise)	35				

Due to the competition, customers get lower prices, better service quality, more and more choices. The competition in the real estate market is a very important factor in its

development. Times of crisis trigger a tendency of the growing competition in the property market, what results in a decrease in real estate prices. Majority of the real estate developers state that competition considerably affects the pricing in the real estate industry,

4.2.4.17 Question No 21: Legacy/History: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', please rate the importance of legacy/ history of the firm on the profitability of the company.



	1 - NOT AT ALL IMPORTANT (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - VERY IMPORTANT (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	2.86% 1	0.00% 0	5.71% 2	14.29% 5	22.86% 8	28.57% 10	22.86% 8	2.86% 1	35	7.46

BASIC STATISTICS

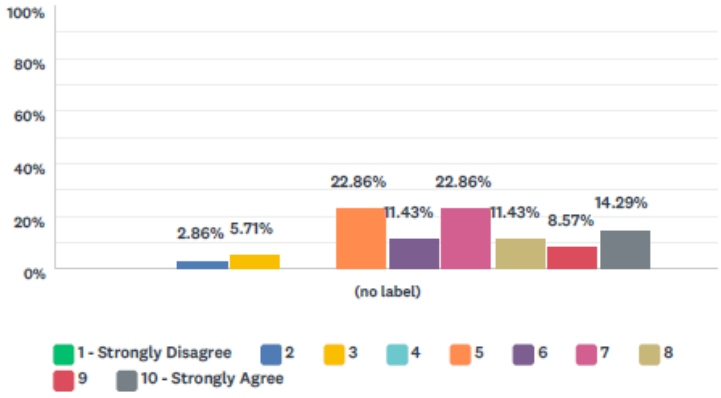
Minimum	Maximum	Median	Mean	Standard Deviation
3.00	10.00	8.00	7.46	1.44

Descriptive Statistics

Questions	N	Minimum	Maximum	Mean	Std. Deviation
Legacy/History: On a scale of 1-10, where 1 being 'Not at all Important' and 10 being 'Very Important', please rate the importance of legacy/ history of the firm on the profitability of the company.	35	3	10	7.46	1.462
Valid N (listwise)	35				

Taking the legacy further is not an easy task especially when the brand has significant recognition in the market. Most of the developers reveal that Legacy of a firm has high importance on the profitability of a company.

4.2.4.18 Question No 22: Multiple Product: Do you believe that the real estate companies that focus on a particular product (For ex: Only Residential) rather than focusing on multiple products (Residential, Commercial, etc.) is more profitable in the long term? Please rate how strongly you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."



	1 - STRONGLY DISAGREE (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - STRONGLY AGREE (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	2.86% 1	5.71% 2	0.00% 0	22.86% 8	11.43% 4	22.86% 8	11.43% 4	8.57% 3	14.29% 5	35	6.77

BASIC STATISTICS

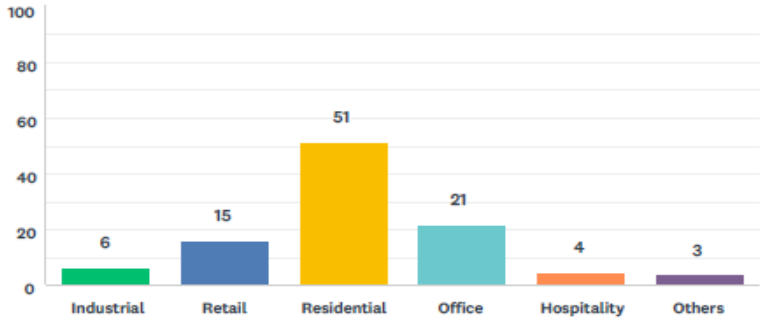
Minimum	Maximum	Median	Mean	Standard Deviation
2.00	10.00	7.00	6.77	2.09

Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
Multiple Product: Do you believe that the real estate companies that focus on a particular product (For ex: Only Residential) rather than focusing on multiple products (Residential, Commercial, etc.) is more profitable in the long term? Please rate how strongly you agree or disagree with the above statement. You may use any number between 1 and 10 where a rating of "1" means "Strongly Disagree" and a rating of "10" means "Strongly Agree."	35	2	10	6.77	2.116
Valid N (listwise)	35				

Findings reveal that most of the developers likely prefer Multiple Product strategy to be profitable for a longer period of time.

4.2.4.19 Question No 23: The following section presents different types of real estate development. Please allocate 100 points between the types below in such a way that most points are given to the type of development you feel has the highest potential of gaining profitability in your organization. More points you will assign will indicate your relative preference for that type. The total of all the points should be equal to 100. If you feel that a type is not at all important, then please assign 0 for that type. An example is shared below



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Industrial	6	197	35
Retail	15	535	35
Residential	51	1,770	35
Office	21	735	35
Hospitality	4	150	35
Others	3	113	35
Total Respondents: 35			

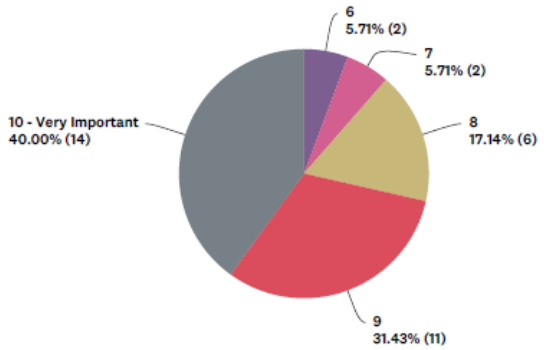
Descriptive Statistics

Product Type	N	Minimum	Maximum	Mean	Std. Deviation
Residential	35	10	90	50.57	20.679
Office	35	0	60	21.00	14.491
Retail	35	0	50	15.29	9.544
Industrial	35	0	35	5.63	8.524
Hospitality	35	0	30	4.29	6.658
Others	35	0	35	3.23	7.162
Valid N (listwise)	35				

Findings reveal that most of the developers prefer residential development as a core area of their business followed by Commercial (Office) Segment, Retail, Industrial, Hospitality and other types.

Mumbai has emerged as a major residential destination over the last few decades and has witnessed a dispersed growth in residential property development by the promoters.

4.2.4.20 Question 24: Creditworthiness: Creditworthiness is the extent to which a person or company is considered suitable to receive financial credit, often based on their reliability in paying the money back in the past. Please evaluate the importance of the following statement: The creditworthiness of the organization has a bearing on the profitability of a real estate company. You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."



	1 - NOT AT ALL IMPORTANT (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)	10 - VERY IMPORTANT (10)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	5.71% 2	5.71% 2	17.14% 6	31.43% 11	40.00% 14	35	8.94

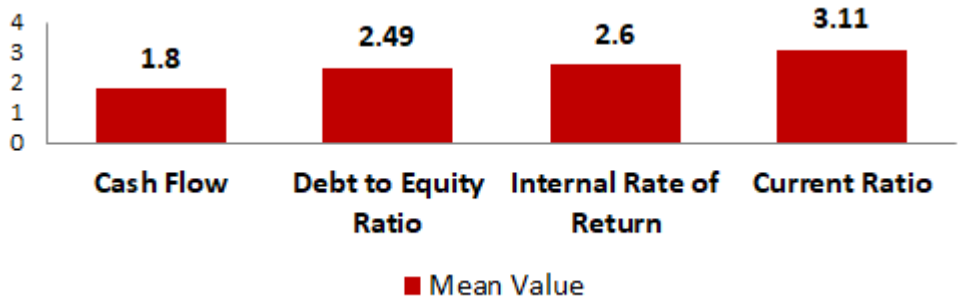
BASIC STATISTICS				
Minimum	Maximum	Median	Mean	Standard Deviation
6.00	10.00	9.00	8.94	1.14

Descriptive Statistics

Question	N	Minimum	Maximum	Mean	Std. Deviation
Creditworthiness: Creditworthiness is the extent to which a person or company is considered suitable to receive financial credit, often based on their reliability in paying the money back in the past. Please evaluate the importance of the following statement: The creditworthiness of the organization has a bearing on the profitability of a real estate company. You may use any number between 1 and 10 where a rating of "1" means "Not at all Important" and a rating of "10" means "Very Important."	35	6	10	8.94	1.162
Valid N (listwise)	35				

Creditworthiness is an important factor for any company to avail finance. When it comes to funding real estate project finance, financers go through the credit history of the developer and check for their probability of repayment before making a firm decision. Real estate developers know very well that in order to fund their projects they have to be creditworthy same does replicate in the findings above.

4.2.4.21 Question No 25: Financial Factors: Please rank the following factors for measuring the profitability of a real estate company in order of importance from 1 to 4, where 1 is "Most Important" and 4 is "Least Important".

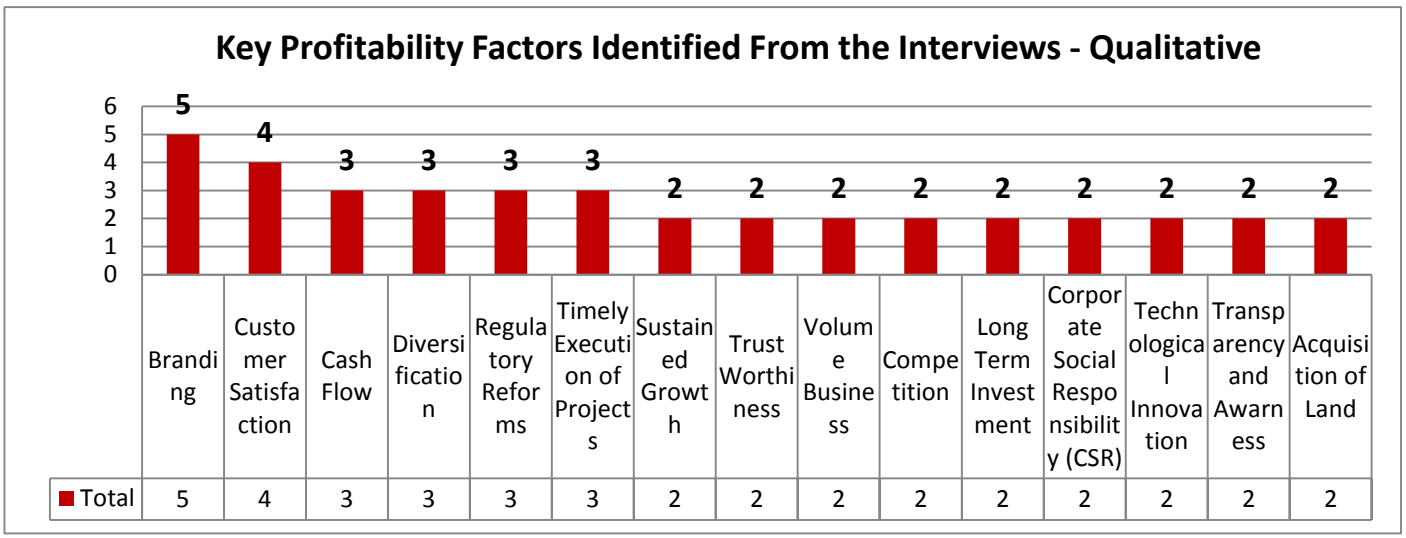


BASIC STATISTICS					
	MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
Cash Flow	1.00	4.00	1.00	1.80	1.06
Debt to Equity Ratio	1.00	4.00	2.00	2.49	0.97
Internal Rate of Return	1.00	4.00	3.00	2.60	1.07
Current Ratio	1.00	4.00	3.00	3.11	0.95

Real estate developers prefer Cash Flow as their first priority to measure profitability followed by Debt to Equity Ratio, Internal Rate of Return and Current Ratio.

Chapter 5: Findings

5.1 Findings: Qualitative Data Analysis.



* Total = Number of times the key profitability factors mentioned in the interviews

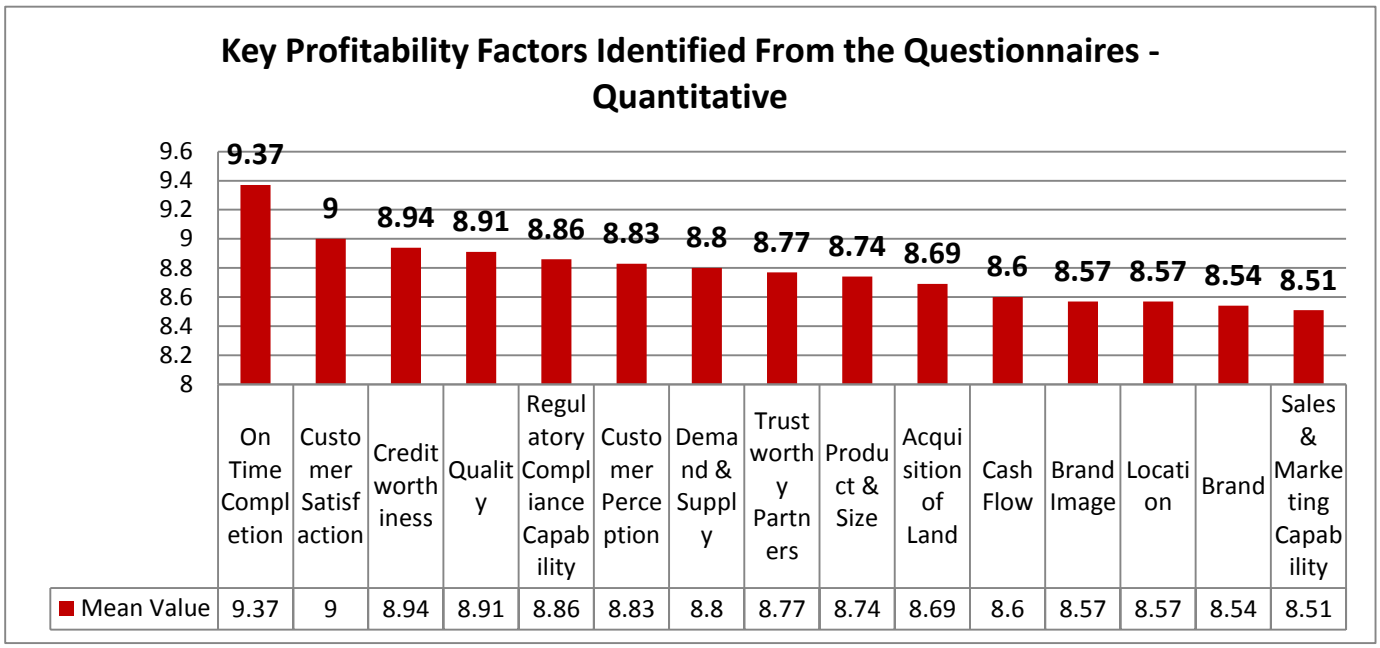
The study was undertaken to gain insights into the factors affecting the profitability of residential real estate in Mumbai.

Findings revealed that the profitability of real estate organization is an outcome of all the factors combined together.

As a result, Branding, Customer Satisfaction, Cash Flow, Diversification, Regulatory Reforms, Timely Execution of Projects, Sustained Growth, Trustworthiness, Volume Business, Competition, Long Term Investment, Corporate Social Responsibility (CSR), Technological Innovation. Transparency and Awareness, Acquisition of Land are the key factors identified from the Qualitative Data Analysis that determine the profitability of the real estate firm.

There have been limited studies that have employed Qualitative Research Methods (In-depth interviews with the Visionaries, Promoters, Founders of 11 real estate companies in Mumbai) to examine the factors that affect the profitability of real estate firms based in Mumbai who are mainly into the construction of residential spaces. Therefore, the insights gained by this research study will contribute to the body of knowledge.

5.2 Findings: Quantitative Data Analysis.



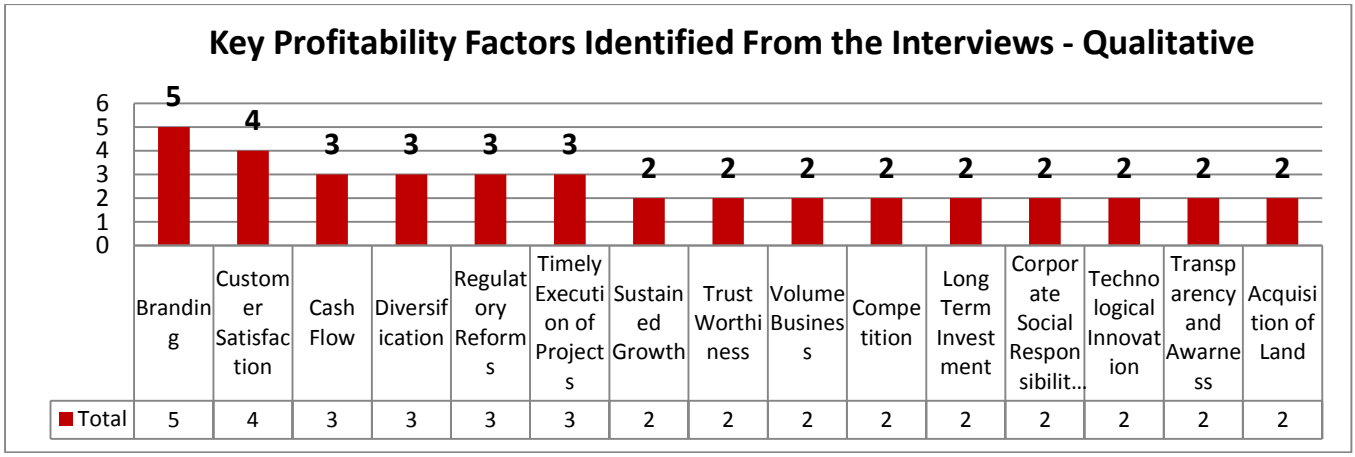
The study was undertaken to gain insights into the factors affecting the profitability of residential real estate in Mumbai.

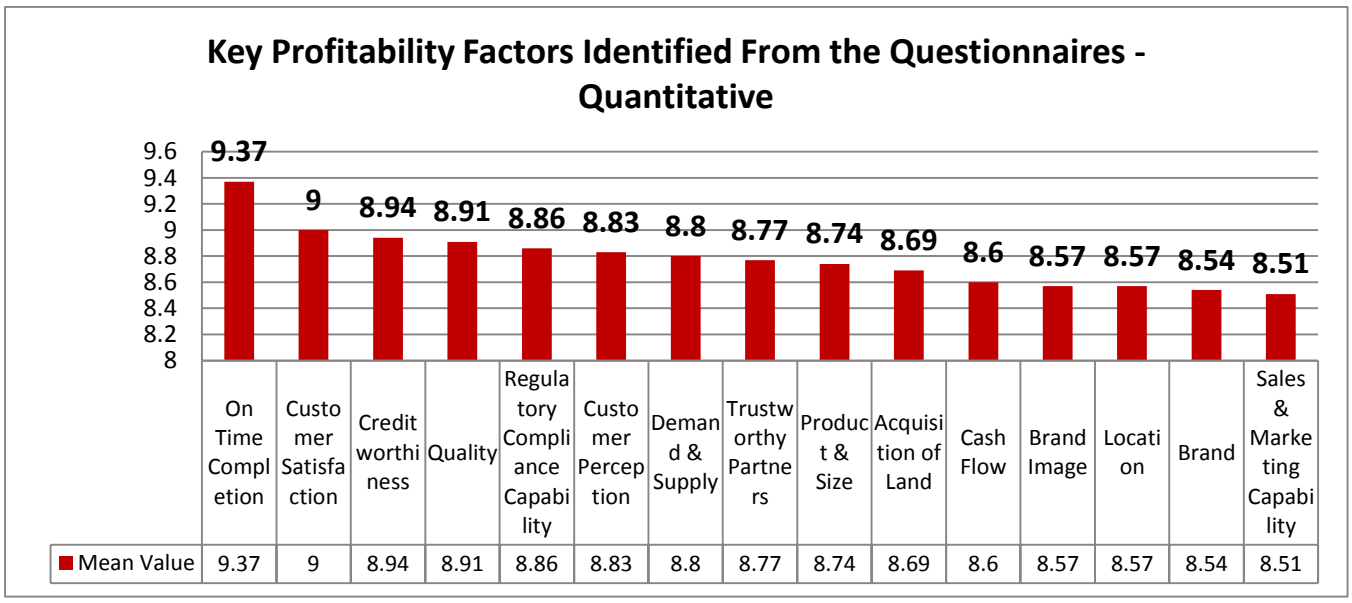
Findings revealed that the profitability of real estate organization is an outcome of all the factors combined together.

As a result, On-time Completion, Customer Satisfaction, Creditworthiness, Quality, Regulatory Compliance Capability, Customer Perception, Demand and Supply, Trustworthy Partners, Product and Size, Acquisition of Land, Cash Flow, Brand Image, Location, Brand and Sales and Marketing Capability are the key factors identified from the Quantitative Data Analysis that determine the profitability of the real estate firm.

The insights gained by this research study will contribute to the lack of quantitative data in existence regarding the profitability of real estate firms based in Mumbai who are mainly into the construction of residential spaces.

5.3 Triangulation - Qualitative & Quantitative





Triangulation is the use of more than one method to address a research question. The goal of triangulation is to improve the credibility in the findings. The synthesis of findings from two or more stringent approaches gives a more complete portrayal of the results than either method could do alone.

The key profitability factors from Qualitative Analysis were identified using Grounded Theory Methodology.

The key profitability factors from Quantitative Analysis were identified using Descriptive Statistics from IBM SPSS Software.

The following were the key factors identified affecting profitability of residential real estate in Mumbai after Triangulation: Branding, Customer Satisfaction, Timely Execution of Projects. Creditworthiness, Regulatory Compliance Capability, Quality, Diversification, Cash Flow, Demand & Supply, Sustained Growth. The contribution of each of the factors to Profitability of Residential Real Estate was examined and the ranking of the factors in terms of their importance as perceived by the respondents was done by using Relative Importance. The following were the top 5 profitability factors - Brand, Customer Satisfaction, Timely Execution of Projects, Creditworthiness & Regulatory Compliance Capability

5.4 Key Growth Factors Identified From the Interviews - Qualitative

Second round of interviews were conducted with real estate developers to examine the factors that contributed to the growth of real estate companies in Mumbai. Brand, Attracting and Retaining Talent, Focusing on Affordable Housing, Constant Innovation, Timely Completion of Projects, Focusing on Approvals and Permission & Diverse Product Mix are the key factors that contributed to the growth of real estate companies in Mumbai.

Chapter 6. Contribution, Limitations and Conclusions

6.1 Contribution

A) Contribution to the body of Real Estate Practice

- Not many studies have looked at the factors that affect the Profitability in Residential Real Estate
- There have been limited studies of factors like Branding, Timely Execution of Projects, Customer Satisfaction, Regulatory Compliance Capability, Cash Flow and its effect on Profitability in Residential Real Estate
- This study will contribute immensely to the body of Real Estate Practice in India

B) Contribution to the body of Knowledge

- For the first time, 11 case studies based on real time interviewing of the Chairman, MD of leading real estate developers are being developed for this doctoral study
- There have been limited studies to establish the relative importance of the factors affecting Profitability of Residential Real Estate Development
- There have been hardly any studies that have employed mixed-method to examine the factors that affect the profitability of Residential Real Estate Development [Qualitative - In-depth Interviews with Founders and Promoters of the 11 top real estate development companies in Mumbai and Quantitative - Survey Questionnaires with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners, Partners, and others]
- The founders and promoters have identified not only the main profitability factors but also the sub-factors.

6.2 Limitations

- In specific to Mumbai context, there is a lack of financial documentation and transparency. The Mumbai real estate industry is partly an unorganized and partly an organized sector, therefore financial data of the Real Estate Company is not completely available.

- This study happened during the period when there was a lot of turbulence in the real estate industry like RERA, Demonetisation, GST, etc. Due to this, the Mumbai real estate market was extremely affected and the profitability was also affected. This has been reflected in my study.
- I wanted this study to be an all India study but due to the constraints, I could only limit it to the Mumbai Real Estate Market.

6.3 Conclusion

The Indian real estate industry is passing through turbulent times and there has been a huge consolidation with more than 50 percent of the total developers that survived in 2011-12 leaving the market by 2017-18.

The government's various policy initiatives such as Demonetisation, RERA, GST along with other factors such as the NBFC crisis, financial indiscipline of the developers, rising interest rates, lack of executing capability, oversupply in the mid and premium segments, non-compliance with rules and regulation, etc. exacerbated the situation and led to the negative outlook of the realty sector.

The goal of the current study was to examine the factors the affect the profitability in residential real estate in Mumbai and to establish the relative importance of the factors affecting the profitability of residential real estate development. Another objective of this study was to investigate the factors that contributed to the growth of real estate companies in Mumbai.

To address this objective, a mixed methodology was followed. Semi-Structured interviews (Qualitative Study) were conducted with the Founders and Promoters of the 11 top real estate development companies in Mumbai and questionnaires (Quantitative Study) were distributed over email to the Founders, Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners and Partners of real estate companies in Mumbai. Second round of interviews were conducted with the real estate developers to examine the factors that contributed to the survival and growth of real estate companies in Mumbai.

The current qualitative study used a constructivist grounded theory methodology to analyze the interview data. Questionnaires were analysed using SPSS and it was used in the triangulation process, a method used to raise the credibility of qualitative analysis.

While there have been studies examining the factors that affect the profitability of real estate companies in other countries, there have been limited studies that affect the Profitability in residential real estate in Mumbai. Also, the existing literature has only looked at the secondary data and was quantitative in nature.

For the first time, 11 case studies based on real-time interviewing of the Chairman, MD of leading real estate developers are being developed for this doctoral study. There have been hardly any studies that have employed mixed-method to examine the factors that affect the profitability of Residential Real Estate Development [Qualitative - In-depth Interviews with Founders and Promoters (Visionaries) of the 11 top real estate development companies in Mumbai and Quantitative - Questionnaires with Managing Directors, Chairman, Vice Presidents, CEO, Managing Partners, and Partners (Practitioners). Therefore, this study will contribute to the body of knowledge.

The findings of the study reveal that Branding, Customer Satisfaction, Timely Execution of Projects, Creditworthiness, Regulatory Compliance Capability, Quality, Diversification, Cash Flow, Demand & Supply and Sustained Growth are the key factors that affect the profitability of Residential Real Estate in Mumbai. The study observed that all the above profitability factors are interconnected. The differences between the Mean Values among the various profitability factors are very small. Therefore, the profitability of a real estate organization is the outcome of all the factors combined together. The contribution of each of the factors to Profitability of Residential Real Estate was examined and the ranking of the factors in terms of their importance as perceived by the respondents was done by using Relative Importance. The following were the top 5 profitability factors - Brand, Customer Satisfaction, Timely Execution of Projects, Creditworthiness & Regulatory Compliance Capability

Brand, Attracting and Retaining Talent, Focusing on Affordable Housing, Constant Innovation, Timely Completion of Projects, Focusing on Approvals and Permission & Diverse Product Mix are the key factors that contributed to the growth of real estate companies in Mumbai.

One limitation of the study involves the comparatively small and geographically limited sample of participants, which constitutes a threat to the reliability of the study. Future studies can address these limitations by increasing the data to cover a wider range of participants

such as Architects, Bankers, Contractors, Suppliers, and Solicitors of top real estate companies over more extended research timescales.

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